

Dai Nippon Printing Co., Ltd.

CSR & Environment Department
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DNP

**CSR REPORT
2017**



DNP Group CSR Report 2017

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About the Cover Design
Our cover for this year’s report conveys DNP’s commitment to offering a wide range of “pluses” for society and the environment, under our corporate philosophy, “connecting individuals and society, and providing new value.” In this way, we aim to contribute to the development of a sustainable society.



groovisions
Groovisions is a design studio established in 1993. It is active in a variety of areas, primarily graphics and motion graphics, but also music, publishing, products, interiors, fashion and the web. Groovision’s main works include stage visuals for Pizzicato Five, editorial design for the magazines *Kokoku Hiho* and *Metro Min.*, motion graphics for Expo 2005 Aichi Japan, show window direction for Maison Hermès, and the 301st Ginza Graphic Gallery Exhibition.

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Detailed information is provided in our Environmental Report.



DNP Group
Environmental Report 2017 (PDF)
<http://www.dnp.co.jp/eng/csr/>

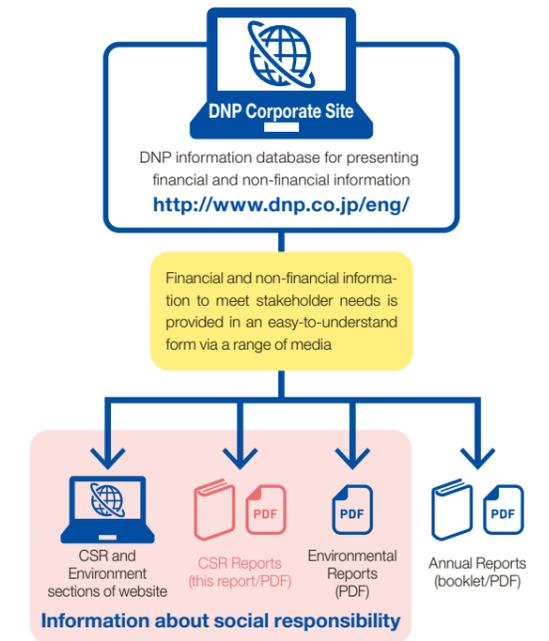
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Information Disclosure Philosophy / Editorial Policy

- ◆ DNP ensures accountability by properly disclosing information about its corporate activities.
 - ◆ Based on this approach, we use websites and various media to appropriately disseminate financial and non-financial information so that all of society can understand our company in a multi-faceted and integrated way.
 - ◆ Information relating to social responsibility is disclosed in our CSR Report, Environmental Report, and the CSR and Environment sections of our website.
 - ◆ This report describes the role DNP plays in society, from the perspective of business activities and associated processes.
- ◇ Period covered by this report:
April 1, 2016 to March 31, 2017 (FY2016)
However, reporting is not confined to this period regarding some important matters.
 - ◇ Scope of report:
All companies and divisions of the DNP Group
In this report, “DNP” indicates the DNP Group, as distinct from Dai Nippon Printing Co., Ltd. The designation “DNP Group” shall be used in contexts where we emphasize the Group as a whole.
 - ◇ Issued: August 2017 (Next scheduled issue: August 2018)



Survey on the DNP Group CSR Report 2017
Please let us know your opinions and impressions.
<http://www.dnp.co.jp/csr/enquete/> (Japanese only)

Corporate Profile (as of March 31, 2017)

Company Name: Dai Nippon Printing Co., Ltd.
Head Office: 1-1, Ichigaya Kagacho 1-chome, Shinjuku-ku, Tokyo 162-8001, Japan
Tel: +81-3-3266-2111
Website: <http://www.dnp.co.jp/eng/>
Established: October 1876
Incorporated: January 1894
Paid-in Capital: ¥114,464 million
Business Segments:

Number of Employees: 38,808 (Consolidated)
10,800 (Non-consolidated)
Group Companies: Consolidated subsidiaries: 106
Equity-method affiliates: 16
Financial Data: (FY ending March 2017)
Net Sales ¥1,410.1 billion (down 3.1% year-on-year)
Operating Income ¥31.4 billion (down 30.9% year-on-year)
Ordinary Income ¥36.7 billion (down 30.2% year-on-year)
Net income attributable to shareholders of the parent ¥25.2 billion (down 24.9% year-on-year)

		Percentage of total sales		
Printing	Information Communication Publishing, commercial printing, smart cards, network business, imaging communication, etc.	56.6%	1	1 "honto" hybrid-type general bookstore
	Lifestyle and Industrial Supplies Packaging, interior and exterior materials for houses, industrial supplies, etc.	27.4%	2, 3, 4, 5, 6, 7	2 Smart cards and related products 3 Ki-Re-i ID photo booth 4 PET bottles and preforms 5 Aseptic filling systems for PET bottles 6 Automotive interior materials 7 Exterior materials for buildings
	Electronics Display components, electronic devices, optical film, etc.	12.0%	8, 9, 10	8 Semiconductor photomasks 9 Master template for nano-imprinting 10 Optical film for flat panel displays
Beverages	Beverages	4.0%	11	11 Soft drinks

Creating New Value to Realize a Sustainable Society

In 2016, DNP celebrated the 140th anniversary of its founding. In the wake of the Meiji restoration in 1876, Shueisha, DNP’s predecessor, was established with the conviction that “Scholarship, the arts and sciences are the pillars of the nation. Learning is brought to fruition through books, and books are created through printing. Therefore, printing is the business of civilization.”

From then until today, based on our founding commitment, DNP has contributed to the development of society, and has applied and evolved printing and information technologies in a wide range of areas, including publishing and commercial printing, packaging, interior and exterior designs, display-related products, and electronic devices.

Furthermore, DNP established four growth areas in DNP Group Vision 2015: Knowledge and Communication, Food and Healthcare, Lifestyle and Mobility, and Environment and Energy. We arrived at these four areas by identifying pressing social challenges needing domestic and international solutions, and selecting business areas where we believe that DNP’s human and technological strengths can be leveraged to create new value.

This CSR report includes a special focus on cases in the area of knowledge and communication that are contributing to the formation of a sustainable society.

Tackling Sustainable Development Goals

Today’s society faces such global challenges as climate change and increasing income inequality. These challenges are considered by some to threaten the viability of humanity and the planet itself. In September 2015, the UN General Assembly unanimously adopted Sustainable Development Goals (SDGs), and resolved to work collectively toward those goals throughout global society.

Enterprises are also being called upon to demonstrate creativity and innovation in helping to meet these challenges. In carrying out their business activities, enterprises are dependent on society for such essentials as human and material resources as well as energy. Enterprises are only viable when society is sound. Consequently, the soundness of society must not be negatively affected by the process of pursuing those business activities.

Nevertheless, as enterprises extend their activities across the globe, they are faced as never before with environmental destruction, human rights violations, labor issues, and other challenges.

To address these challenges appropriately, DNP established its CSR Procurement Criteria in 2006, and since then has collaborated with its suppliers to act with integrity. Moreover, we are reinforcing these efforts in step with related laws and regulations and such social trends as international standards development.

In 2016, we performed a thorough review of our CSR Procurement Criteria, revised them into our current DNP Group Procurement Guidelines, and began considering the best form of global management.

With respect to the environment, we have been working to reduce our environmental impact over the entire process, from raw material procurement to usage and disposal, to contribute to the formation of a sustainable society.

In FY2016, we began working to meet our FY2020 environmental goals, and were successful in meeting all of our goals for the year in such areas as global warming prevention and reductions in water usage and industrial waste output. Going forward, we will promote a variety of measures from a medium- and long-term perspective, with the goal of achieving even greater results.

Social contribution as a good corporate citizen

DNP engages in social contribution activities as a corporate citizen. For example, since 2013, DNP employees have been performing local volunteer work to support recovery from the Great East Japan Earthquake. As part of this work, they provided support for temporary housing cleanup work and for the fishing industry in Ishinomaki, Miyagi Prefecture. Numerous DNP employees also assisted with the clearing of temporary disaster shelters in Mashiki, Kumamoto Prefecture, after their use, and helped support farmers in Aso in the wake of the April, 2016 Kumamoto Earthquakes. Further social support in disaster areas will be necessary for recovery going forward, and though our capacity is modest, we will continue a variety of efforts to help the affected areas and people achieve recovery.

Recognition from society

DNP has been recognized by society for its contribution efforts.

For example, DNP was awarded the 9th Annual Work-Life Balance Award, sponsored by the Japan Productivity Center’s Council for Promotion of Work-Life Balance. The award was in recognition of DNP’s measures to promote workstyle innovation, diversity, and realization of a healthy and lively workplace.

Furthermore, at the 26th Grand Prize for the Global Environment Award, hosted by the Fujisankei Communications Group, DNP was awarded the Japan Business Federation Chairman’s Award. The award was given to DNP in recognition of its development of a lighting film that can be affixed to windows to brighten interiors, along with a variety of other highly functional films that aim to reduce the impact on the environment and help realize a sustainable society.

These honors reflect the dedication of DNP’s forty thousand employees to its founding ideals and the manifold results each was able to achieve in his or her capacity. We also believe these awards reflect the significant contributions that society expects from us.

DNP will continue to face social challenges squarely, and will work to be an enterprise that is trusted by society.

President 
Yoshitoshi Kitajima

Three Corporate Responsibilities

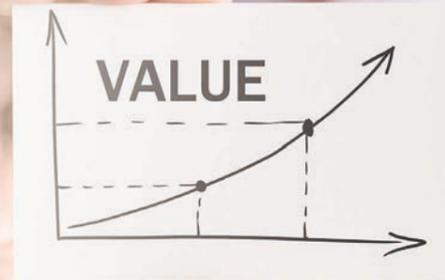
—Aiming to maintain the trust of our stakeholders and society—

DNP believes that its corporate social responsibility (CSR) is to maintain the trust of all of its stakeholders. To meet the manifold expectations of society, to realize a sustainable society and corporate growth, and be an enterprise trusted by society, DNP is committed to fulfilling three important obligations: value creation, integrity in conduct, and transparency (accountability).

The fundamental points of reference for fulfilling these obligations are the DNP Group Vision 2015 and the DNP Group Code of Conduct. We continue to uphold our founding commitment to “Run a civilized business,” and this commitment is the basis of a wide range of activities designed to provide new value to society. To support these activities, we have established a system of corporate governance and internal controls, which we continually seek to upgrade and improve.

1 Value Creation

The first and most fundamental responsibility of a corporation to society is “providing new value to society.” We must make a connection between the offering of products and services necessary to the sustainable development of society and the growth of the company. DNP will continue to provide high value which contributes to the solution of social problems through our Business Vision.



2 Integrity in Conduct

The second responsibility is “practicing fairness and impartiality in value creation processes.” No matter how superior or useful to society the value produced is, value is compromised if, for example, environmental damage occurs or laws are broken during the value creation process. Therefore, DNP seeks to fulfill this responsibility by ensuring that all employees always conduct business with integrity in accordance with the DNP Group Code of Conduct.

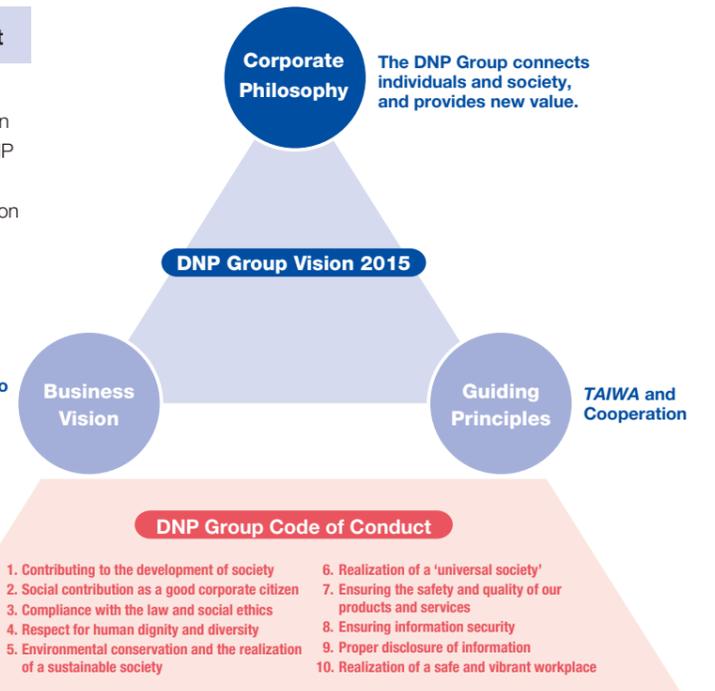
3 Transparency (Accountability)

Finally, the third vital corporate responsibility is “being a company that is accountable and highly transparent.” DNP achieves accountability by encouraging all employees, during the course of their regular duties, to engage in TAIWA with stakeholders, listen to their opinions, and provide correct information themselves.

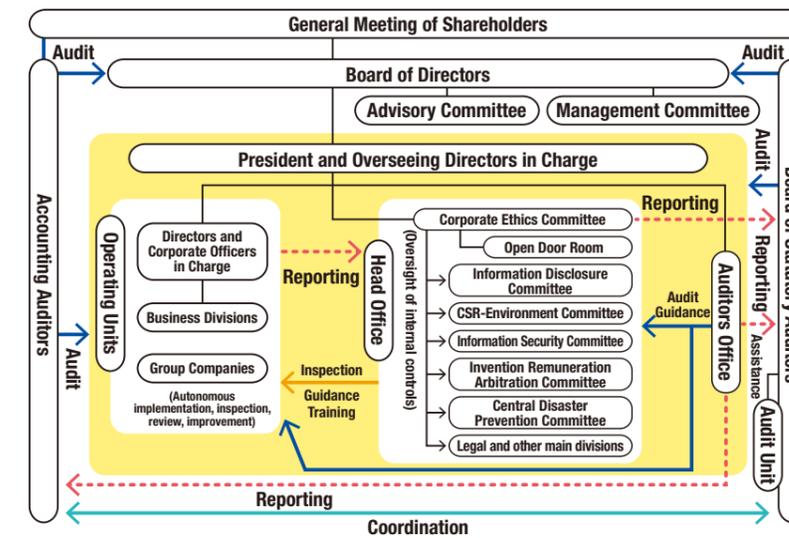
DNP Group Vision 2015 / Code of Conduct

As preconditions for faithfully fulfilling our Three Responsibilities, we have established the DNP Group Vision 2015, the foundation of our business activities, and the DNP Group Code of Conduct, setting forth the conduct with integrity that all employees must adhere to. The Group Vision comprises the three elements of Corporate Philosophy, Business Vision, and Guiding Principles, showing our commitment to society, to drive the creation of significant value that contributes to solving the challenges faced by society.

Use P&I Innovations to expand business, primarily around four growth areas.



Corporate Governance and Internal Controls System



To realize its Group Vision, DNP has established a structure for appropriate management decision-making, precise and speedy operational implementation, and oversight and auditing of such implementation, which we continually seek to upgrade and improve. In June 2016, to further reinforce that structure, we moved to a 12-member board of directors, including two external directors. Furthermore, in FY2016, based on the principles of the corporate governance codes increasingly being adopted in Japan, we announced a basic policy of actively promoting TAIWA (the Japanese word for dialogue) with shareholders and investors. Moreover, advice and proposals from the Advisory Committee, made up of independent external directors, regarding selection of candidates for director and director compensation, began to be considered and reviewed at management meetings, followed by discussion and decision by the board of directors.

Value Creation in Step with Society

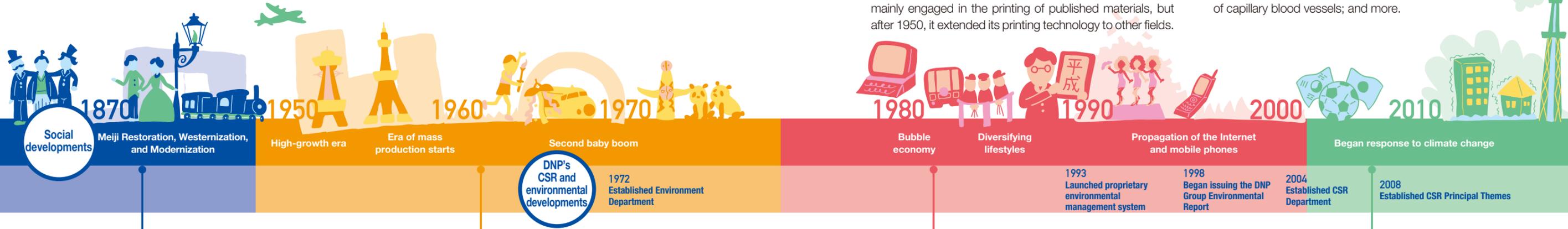


A History of Creating Today’s Standards, by DNP

Since our founding in 1876, we have confronted numerous social problems and issues that had to be addressed to build society amid changing times, and we have delivered product, service, and mechanism solutions to the market. By quietly drawing close to consumers, enterprises, and society, and promoting new forms of innovation, we create new values that become the standards of today.

When it was founded, DNP aimed to “Run a civilized business.” It supported the foundation building of publishing and information distribution that were essential for Japan’s modernization. The company’s goal was to engage in business that contributed to modern civilization, and it might be said that its founding ideal was to contribute to social development. For approximately seven decades, DNP was mainly engaged in the printing of published materials, but after 1950, it extended its printing technology to other fields.

DNP has created packaging, interior and exterior materials for houses, business forms, smart cards, electronics-related materials, information media supplies, and other products and services that are essential for everyday life. Now we are branching out into media that combine paper and electronics; into the energy field, including photovoltaic cell materials; the life sciences field, including regeneration of capillary blood vessels; and more.



1876
Founded Shueisha (the predecessor to DNP), began letterpress printing



1877
Printed a revised and translated edition of “Self-Help” written by Samuel Smiles



Shueisha was founded with a strong commitment to the elevation of knowledge and culture through letterpress printing. “Self-Help” by Samuel Smiles was a best-seller in Japan and inspired many young readers. It was the first Western-style book produced entirely in Japan, with cardboard covers developed by Shueisha.

1945-49
Printed paper currency



In 1946, the Ichigaya, Shibata, and Akita Plants were placed under the control of the Ministry of Finance and began printing the Series A 10-yen note.

1951
Fully entered the fields of paper containers and film packaging



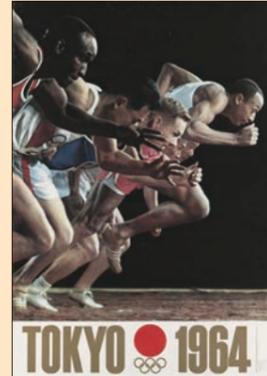
The company also experimented with printing on paper containers, vinyl, cellophane, and other materials, expanding its services as a packaging manufacturer. The evolution of packaging materials has also played a role in the popularization of instant ramen noodles, which are now popular around the globe.

1958
Succeeded in producing prototypes of shadowmasks used in color televisions



DNP was first in Japan to succeed in applied development of the photomechanical process, making domestic production of color televisions possible.

1964
Printed official poster for the Tokyo Olympics



Design: Yusaku Kamekura
Photo direction: Jo Murakoshi
Photo: Osamu Hayasaki

1973-74
Began full-scale production of magnetic bankbooks and cards



The trend toward online banking raised the curtain on the cashless era, with magnetic cards as a symbol.

1983
Developed smart cards



DNP not only manufactures smart cards, it has been involved in OS and application development, and is a leader in transaction safety.

1983-85
Developed dye-sublimation and thermal transfer printing media



Thermal transfer printing media makes possible printing of now-ubiquitous bar codes, while dye-sublimation thermal transfer printing media led to the boom in sticker-printing machines.

1997
Developed aseptic PET plastic bottle filling system



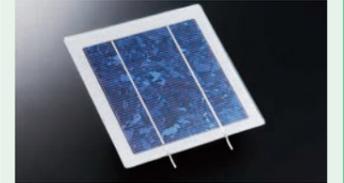
Development of the lightweight, eco-friendly PET plastic bottle, along with more efficient transportation cost, helps keep beverages fresh.

1999
Commercialized Li-ion battery pouch



These pouches can be easily configured for specific applications and are now widely used as a primary component in electric and plug-in hybrid vehicles.

2003
Developed photovoltaic cell materials



DNP contributes to wider utilization of renewable energy by bringing enhanced functionality and reduced cost to photovoltaic cell materials, including materials for enhanced conversion efficiency.

2004
Succeeded in forming capillary blood vessel patterns



With success in forming capillary blood vessel patterns, DNP aims to contribute to the life sciences through applied printing technology.

2010
Introduced e-book sales service



DNP’s hybrid-type bookstores, launched in 2012, let readers choose the media they prefer for reading: paper books or e-books.

New Value to Realize a Sustainable Society

Working Tirelessly to Make Today’s Innovation Tomorrow’s Basic

In 2015, we announced the new DNP Group Vision 2015, which will serve as the basis of our entire range of corporate activities. That same year, the 2030 Agenda for Sustainable Development and the Paris Agreement—global accords aimed at achieving a sustainable society—were adopted. To achieve an eco-friendly society with mutual respect for human diversity, DNP is working tirelessly to create new value, so that today’s innovation can become tomorrow’s basic.

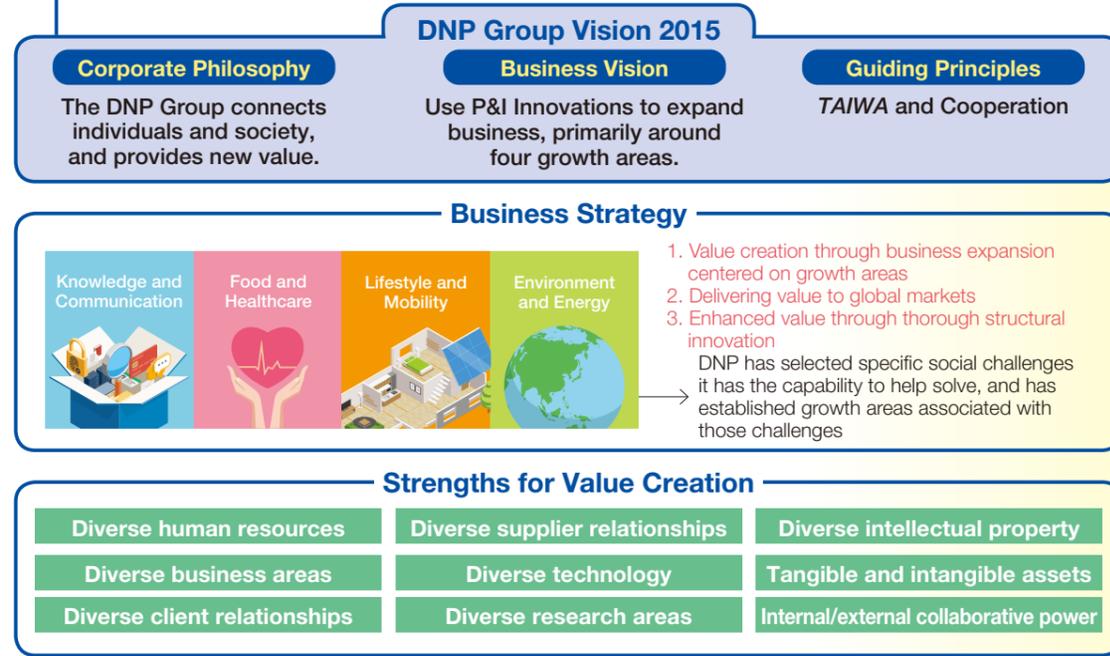


2015 The 2030 Agenda for Sustainable Development / Paris Agreement adopted

2020 Opening of the Olympic and Paralympic Games Tokyo 2020

Sustainable Society*

*Sustainable society: a society that meets the needs of the current generation without negatively impacting future generations



New Value to Realize a Sustainable Society
09 “Today’s Innovation is Tomorrow’s Basic”

New Value to Realize a Sustainable Society
10 “Today’s Innovation is Tomorrow’s Basic”

Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

In September 2015, all 193 members of the United Nations adopted the 2030 Agenda for Sustainable Development. The Agenda’s action plan consists of Sustainable Development Goals (SDGs). With the entire world working toward the 17 goals and 169 targets, the hope is to realize a world where no one will be left behind.

The future society depicted in the DNP Group Vision 2015 is sustainable, that is, it is an abundant society in which SDGs have been achieved. As such, DNP is independently working toward these SDGs through all aspects of its business activities.

Specifically, we are reviewing all current CSR activities and businesses from an SDG standpoint, and will adopt the same standpoint when considering new activities and businesses. By offering society useful new value through this process, we will contribute to realizing these SDGs.

We also believe that broadly publicizing SDGs is a corporate responsibility. DNP’s booth at EcoPro 2016, held in December of that year, featured SDG video presentations as well as exhibits spotlighting the relationship between DNP products and services and SDGs.



To 2020 and Beyond

Special Features: DNP's New Value Creation

Today's society faces many challenges that call out for solutions.

Unless the whole world works together to solve these issues, people's lives will end up constrained, and it will likely become difficult for us to bequeath the precious planetary environment, on which our lives depend, undamaged to future generations.

Now, with this reality before our eyes, the world is joining hands, and collaboration to solve these issues is accelerating.

DNP is doing its part by striving to bring people and society together to provide new value, and contributing to the realization of a sustainable society.

"Today's Innovation is Tomorrow's Basic"

We are doing this by promoting innovation through new ideas and creating new products, services, and mechanisms that will be regarded as essential for daily life by people in the society of the future.

In 2020, people from all over the world will gather in Tokyo to celebrate a sporting event held with an emphasis on sustainability, and this should serve as an opportunity for society to move further in more sustainable directions.

Our two-part Special Feature takes a closer look at the new value DNP is striving to create in support of 2020 and beyond.



P12-17 Special Dialogue



P18-22 Focus on Cases

"Today's Innovation is Tomorrow's Basic"



Kaori Kuroda
(facilitator)

Executive Director,
CSO Network Japan

Kazuhiko Sugita

Chairman
CSR-Environment Committee
Corporate Officer,
Dai Nippon Printing Co., Ltd.

Motoharu Kitajima

General Manager,
Olympic & Paralympic Promotion Team
Managing Director,
Dai Nippon Printing Co., Ltd.

Mitsuya Ikawa

Deputy Director, Administration Bureau
Deputy Director,
Games Operations Bureau I
Tokyo Organising Committee of the
Olympic and Paralympic Games

Takeo Tanaka

General Manager, Sustainability Dept.
Games Operations Bureau I
Tokyo Organising Committee of the
Olympic and Paralympic Games



Special Dialogue

Realizing a Sustainable Society

The Significance of the Olympic and Paralympic Games Tokyo 2020

As an official partner for printing services of the Tokyo 2020 Games, DNP is set to provide a wide range of support for smooth management and successful hosting of the games.

The Tokyo 2020 Games aim to be sustainable, and the Tokyo 2020 Organising Committee has formulated and is pursuing an operational plan that stresses sustainability.

DNP, which is striving to create new value to address social problems, invited several key individuals from the organizing committee to exchange perspectives on its activities as a Tokyo 2020 Official Partner, in order to gain insights into how we should contribute to the realization of a sustainable future society.



DNP
大日本印刷



Tokyo 2020 Official Partner (Printing Services)

The Tokyo 2020 Games as a major example of sustainability

Kaori Kuroda: A major trend toward creation of a sustainable society is developing. One example of this is the Paris Agreement adopted at the 2015 United Nations Climate Change Conference, also known as COP21, held in December 2015. We recently heard President Trump announce that the US will withdraw from the accords, but the trend toward sustainability seems unlikely to change. The IOC is also strongly stressing the importance of holding a sustainable games. With the Tokyo 2020 Games just three years away, I would first of all like to ask how the organizing committee sees this.

Mitsuya Ikawa: As the NLI Research Institute report points out, 2015 was a turning point in the overall trend toward sustainability. Two significant events took place that year. One was the unanimous adoption of the 2030 Agenda for Sustainable Development at the UN Sustainable Development Summit. The Agenda lays out 17 Sustainable Development Goals (SDGs) with 169 targets. The other event was, as Ms. Kuroda mentioned, the adoption of the Paris Agreement. There is a global, shared awareness that if we are to pass on the planetary environment



intact to the next generation, we will have to build a sustainable society. These two developments signify that agreement has been reached to begin moving toward this goal. There was actually another major piece of news in September 2015, as the UN was adopting SDGs. Japan's Government Pension Investment Fund (GPIF) signed the UN's Principles for Responsible Investment (PRI). These principles prioritize investment in companies from an ESG—environmental, social, and corporate governance—standpoint. This decision by GPIF, which is one of the world's largest pension funds, is clearly going to influence future investment patterns. In view of these developments, I think it is fair to say that movements toward sustainability in Japan and globally have entered a new stage since 2015.

Takeo Tanaka: In 1990, the IOC proclaimed the environment as a third pillar of the Olympic Movement, after sports and culture. Moreover, among the 40 recommendations contained in Olympic Agenda 2020, adopted by the IOC in December 2014, are clear statements of support for a sustainable Olympics. The Agenda calls for including sustainability in all aspects of the games (Recommendation 4) as well as within the Olympic Movement's daily operations (Recommendation 5). The Tokyo 2020 Games will be held against a background of these international trends and IOC policies, but to ensure that the games emphasize sustainability, the organizing committee is in the process of formulating specific measures.



Design: Yusaku Kamekura
Photo direction: Jo Murakoshi
Photo: Osamu Hayasaki

Supporting the games with advanced printing technologies

Kuroda: In October 2016, DNP became an official partner of the Tokyo 2020 Games. What are you planning as you work toward a sustainable hosting of the games?

Motoharu Kitajima: Sustainability is being pursued in a wide range of fields. In DNP's case, we are a Tokyo 2020 Official Partner for printing services. Our role is to print event tickets and personal IDs incorporating anti-counterfeiting technology, as well as their safe management, and creation of announcement materials to generate interest in the games, including materials for visitors from every nation. We also played a supporting role in the Olympic Games Tokyo 1964, with poster and ticket printing. Today, printing technology has advanced to an unimaginable degree compared to what we had then, and we can now offer highly advanced printing services that deliver security and peace of mind with such features as personal data protection and counterfeiting prevention. Our goal is to make the greatest possible contribution to the success of the games by applying our cutting-edge technology and expertise.



Coasters manufactured with DNP's recycling system

we have been promoting efforts in this direction for a long time. We established Group Guidelines for Procurement of Paper for Printing and Converting in 2012 to contribute to the sustainable use of forest resources, and we are committed to using paper from certified forests. We are also using specialized equipment to recycle and reuse solvents at our manufacturing plants. Along with efforts to reduce waste products, we are recycling margins and surplus portions of paper from our plants, and have built an "upcycle" system for remanufacturing paper with new

Kazuhiro Sugita: Printing uses large amounts of raw materials, including paper and films. Furthermore, ink and solvent containing a variety of chemicals are used in the process of creating printed materials. Because we are in that kind of business, we have a responsibility to society to reduce our impact on the environment, and

value. Last year, we applied this approach to create drink coasters to be used in-house. In our capacity as a Tokyo 2020 Official Partner for printing services, we will further bolster our activities to benefit the environment.

Tanaka: With respect to waste, one of the challenges of the Tokyo 2020 Games will be the huge waste of food. During the London 2012 Games, an estimated 15 million meals were supplied, with two million meals delivered to the Olympic Village alone. As a measure to combat food loss, it should be possible to cover meals with a special film to extend shelf life and thereby reduce the amount of discarded food. During the Tokyo 1964 Games, freezing technology became a legacy. I hope fresh foods can be preserved longer during the Tokyo 2020 Games with advances in film technology.

Considering what can and should be done, with SDGs as metrics

Kuroda: SDGs were mentioned a moment ago. The Japanese government has also announced a policy of pursuing these SDGs nationwide. How do SDGs figure in the Tokyo 2020 Games?

Tanaka: After the IOC released its Olympic Agenda 2020, it created an IOC Sustainability Strategy. SDGs were positioned at the core of the Olympic Movement, and several of these were given special emphasis, including good health and well-being (SDG 3); quality education (SDG 4); gender equality (SDG 5); peace, justice and strong institutions (SDG 16); and partnerships for the goals (SDG 17). In January 2017, the organizing committee issued the first draft of a sustainable management plan for the Tokyo 2020 Games.



Going forward, we will add detail to the plan, and will link the contents to SDGs as we do so. We also published a sustainable procurement code in March 2017 which will contribute to SDG 12, which calls for responsible consumption and production. The code applies to procurement by the organizing committee, but we hope enterprises and local governments will also use the code actively. We believe that referring to the code will contribute to the realization of a sustainable society, not only at the manufacturing stage but also at the distribution and consumption stages.

Ikawa: When you consider Japan's technologies and services in light of the SDGs, Japan has reason to be proud of many when compared to those of other countries. Although SDG 6 calls for clean water and sanitation, Japan's water is already very pure and its toilets are extremely clean. This will certainly be evident to foreign visitors not only in the Olympic Village, but in stations and airports, hotels, and elsewhere in the cities. We hope that nations upgrading their water supply and drainage infrastructure will take notice of Japan's advanced technology.

Kuroda: DNP's brand statement is "Today's Innovation is Tomorrow's

Basic.” I believe your ongoing corporate activities are quite consistent with SDGs. How do you view this?

Kitajima: DNP has so far tended



the SDG outlook.

Kuroda: How does DNP measure the effectiveness of its current corporate activities in contributing to a sustainable society through SDGs?

Sugita: Mapping the SDG concept onto DNP’s current activities is very revealing. For example, we are using our technology and expertise to create a cultural heritage archive. Progressively preserving humanity’s treasured cultural heritage and working to convey them to a wide audience is consistent with SDG 4, which calls for quality education. SDG 11—creating sustainable cities and communities—includes a target for the preservation of the world’s cultural heritage, which is also consistent with what DNP is doing. With respect to SDG 12, which calls for responsible consumption and production and which Mr. Tanaka mentioned just now, our printing business is actively making use of materials derived from vegetable oil. For example, we print with vegetable oil-based ink, and can do so on film manufactured from blackstrap molasses, a byproduct of sugar cane processing. As we review our business activities from an SDG perspective, it will become clear

where DNP can exhibit its unique strengths. We believe SDGs are an effective index for determining the directions we should take and the challenges we should address with our inherent strengths.

Joining hands to achieve sustainability

Kuroda: I believe that concrete efforts to manage the games are already under way. Can you give us some examples?

Tanaka: The first draft plan for the games that I mentioned, which aims for an emphasis on sustainability, is based on five major themes: climate change and carbon management; resource management; the atmosphere, water, greenery, and biological diversity; respect for human rights, labor, and fair business practices; and engagement, that is, participation, collaboration, and messaging. In the second draft, which we are working on now, we are specifying how carbon management should be promoted to deal with climate change, using numerical objectives and concrete measures. We are calculating estimated CO₂ emissions for the games as a whole,

and specifying measures to avoid or cut those emissions, as well as how residual emissions can be offset. We are taking a similar approach to resource management, calculating estimated waste emissions and considering how those emissions might be cut. This is the process we’re in the middle of at this moment. It’s especially important that everyone gets involved. The medals for the games will be made from metal taken from the so-called “urban mine” of currently unused small home appliances and mobile phones. Even after the games are over, we hope their legacy will get lots of people thinking about sustainability.

Ikawa: ISO 20121 is an international standard for sustainable event management that was used, for example, at the London 2012 Games. When the IOC selected Tokyo to hold the games, we declared that we would also use this standard. Going forward, we will formulate specific measures in line with the standard, with the goal that people will judge the Tokyo 2020 Games as being the most advanced games so far in terms of attention paid to sustainability.

Universal design requires detailed information collection and utilization

Kuroda: The Paralympics have been a major topic in Japan since around the time of the London 2012 Games. Tell us something about the Paralympics.

Ikawa: This is an area with a lot of challenges, including accommodations for the athletes. We want the Olympic Village to meet all the athletes’ needs.

Kitajima: We are working to incorporate universal design,

inclusive design, and a barrier-free environment, and we have included persons with disabilities in our deliberation process. We learned that we can achieve better results with a more detailed grasp of degrees of disability, and that there are multiple options for achieving those results.

Ikawa: So concrete preparations should be made based on detailed information.

Kitajima: Yes, it’s important to conduct detailed information gathering, manage the information safely and reliably, and respond to it in a meticulous manner. Additionally, many people with disabilities from Europe and the US make their way around without an assistant, which means we have to be very thorough in our preparations.

Sugita: I’ve heard that the term “Paralympics” first came into use at the Tokyo 1964 Games. In that sense, the Tokyo 2020 Games seem quite significant. We’re getting help from a number of consulting organizations for our own efforts in this cause. The law against discrimination on the basis of disabilities was enacted in 2016. We hope the barrier-free trend will accelerate as the games approach.

An intangible legacy is important for creating future living environments

Kuroda: The Tokyo 2020 Games will be an enormous event, but beyond that, I think they will be an opportunity for Japan as a nation and a society to take a new step toward a sustainable future. Mr. Tanaka just mentioned the term “legacy,” what sort of legacy do you think the Tokyo 2020 Games will leave behind with respect to realizing a sustainable society?

Ikawa: I’m also involved in volunteer



DNP employees experience using wheelchairs

activities and a huge amount of volunteer activity is essential for the games. Ninety thousand publically-recruited volunteers will provide support at approximately 40 venues with competition in about 340 sport categories. Sports volunteers are not yet nearly as active in Japan as they are in Europe and the US. We’re hoping the Olympic and Paralympic Games Tokyo 2020 will be an opportunity for sports volunteering to root itself in society.

Tanaka: We hope to generate more recognition of the importance of *TAIWA*, or dialogue, in Japan. As we develop our operating plan and procurement code, it’s clear that involvement by all of our stakeholders is important. We’ve invited comments from the public and are incorporating the opinions of individuals from many different standpoints. We hope the process of dialogue itself will become established as one of the legacies of the games. Also, within our mechanism to ensure the effectiveness of the procurement code, we have set up a channel for complaints. I was very impressed

to develop products and services from a standpoint of how they solve problems for our clients. But lifestyles and values are changing greatly, and many social problems are reflected in the SDGs. We want to adjust our point of view and not only consider our clients, but look beyond them to end-user consumers and society, and create value in collaboration with our partners to help solve social problems. We believe this value-creation aspect of our corporate activities is definitely consistent with



to read in DNP's 2016 CSR report of the due diligence you carry out relating to human rights. I hope you will extend these efforts further to include mechanisms for relief. I also understand that "relief" was a keyword at the UN Forum on Business and Human Rights, held in November 2016, and it occasioned much discussion. I believe these will also become part of the legacy of the games.

Sugita: If we look beyond the Tokyo 2020 Games to the society of the future, I think the intangible legacy will be even more important than the tangible legacy. The medals themselves, made from metals recycled from the "urban mine," are an example of the tangible, but building a social system that makes possible the creation of such medals is a kind of intangible legacy. We need to look not only at our own procurement, but that of our entire supply chain, in terms of whether or not it takes environmental protection and creation of a sustainable society adequately into account. We regard human rights, which were also mentioned just now, as another important theme. We want to contribute to the creation of social mechanisms by fostering this sort of intangible legacy.



Delivering new value to consumers and establishing it as part of the culture

Kuroda: DNP's motto is "Today's Innovation is Tomorrow's Basic." My final question is, what is DNP's guiding vision for creating tomorrow's sustainable society, and how do you plan to leverage that vision as a Tokyo 2020 Official Partner?

Kitajima: Mr. Ikawa earlier stated that 2015 was a watershed year for global promotion of sustainability. That same year was a major turning point for DNP as well. In October 2015, we revised our Group Vision and established our Corporate Philosophy as "The DNP Group connects individuals and society, and provides new value." In terms of our Business Vision, we will use P&I Innovations to expand business, primarily around four growth areas: Knowledge and Communication, Food and Healthcare, Lifestyle and Mobility, and Environment and Energy. Moreover, we have established *TAIWA* and Cooperation as our guiding principles. Simply put, this means DNP will use the evolution of innovation to offer new value to help meet the challenges that must be overcome if a sustainable society is to be realized, which is the topic of today's dialogue. Listening to this discussion, I'm struck by how much the DNP vision shares with the vision of a sustainable society that the Tokyo 2020 Games are aiming for. As an official partner, we hope to gain a wide range of experience and learning while acting in a reliable capacity.

Sugita: DNP is in the process of creating new value to address social issues, but we still have much to learn and many challenges to overcome. The upcoming Tokyo 2020 Games are an opportunity for us to consider



how we can contribute and act as a reliable partner.

Kitajima: When we refer to Tomorrow's Basic, we mean delivering new value we have created to consumers, and ultimately establishing that value as part of the culture. That's what DNP is striving to accomplish.

Kuroda: This discussion has convinced me that the Tokyo 2020 Games, which will be a focus of global attention and full of excitement for everyone, will also be a major step toward the creation of a sustainable society. I also believe that everyone at DNP will contribute greatly to creating and delivering value, and creating both an intangible and tangible legacy.

This concludes our discussion, and I'd like to thank everyone for their participation.



"Today's Innovation is Tomorrow's Basic"

Toward a Rewarding Future for All

Creating new value in the field of Knowledge and Communication

DNP is creating new value aimed at realizing a future society where everyone can live rewarding lives, in safety and with peace of mind.

We consider every aspect of our business activities in terms of Sustainable Development Goals (SDGs), and we are working to create products, services, and mechanisms useful to the future, as well as to lay the foundations for a society that is friendly to people and the environment.

By leveraging DNP's accumulated strengths and promoting new forms of innovation, we will contribute to the realization of a world that reflects the SDG ideal of "no one will be left behind."

- P19 Universal Design
- P20 Regional Co-creation Business
- P21 IoST (Internet of Secure Things®)
- P22 Settlement Services

Facilitating participation for all through the principles and technology of universal design



A society where everyone can live actively and with peace of mind will require mutual understanding and communication that conveys information and thoughts clearly and appropriately. By promoting accurate, clear, user-friendly communication for everyone in all kinds of situations, without barriers of language or disability, of age or gender, DNP is working to help build a world where the ideals of the UN’s Sustainable Development Goals—“No one will be left behind”—can become reality.

Achieving Universal Design (UD)* through understanding of diversity and user verification

In 2008, DNP announced its Declaration of Universal Design and its Five Principals of Universal Design. It has promoted UD across a wide range of businesses, including packaging, printed materials, websites, videos, and spaces. One example is Color Universal Design (CUD), which focuses on the use of color and contrast to ensure information access for all, including individuals with some form of color blindness.

In 2013, DNP Communication Design (DCD) was

recognized as the first enterprise to receive the newly-established Color Universal Design Management System (CUDMS) Certification from the non-profit Color Universal Design Organization. And in 2015, DNP was also the first enterprise to receive user-verified UD certification from Jitsuken, an organization that conducts research into the UD user experience. Publications that bear these certification marks make it possible for more people to have easy access to information. Moreover, DCD is making ongoing efforts to enhance understanding of diversity and UD, including regular diversity workshops and CUD seminars with a wide range of invited speakers.

*Universal design (UD): design of equipment, buildings, living spaces, information, etc. with user-friendliness for as many as possible built in from the start



Diversity study group



CUDMS certification mark



User-verified UD certification mark



Masakazu Matsukawa
General Manager, 1st Directions Dept. Tokyo 1st Planning Division, DNP Communication Design Co., Ltd.

UD is a 21st-century social concept. The 20th century saw the advent of many things that made life more convenient, including information. If the initial designs were not sufficiently tested, people were expected to use the item in a way that conformed to it. On the other hand, those who could not do so were expected to put up with the inconvenience. In the 21st century, computer and information technology have made life both freer and faster-paced. Things that are difficult to use and understand are being weeded out, and replaced by the concept that things should conform themselves to people. We are working actively to understand human diversity and solve problems before they happen with UD based on thorough user testing. By pursuing manufacturing that takes everyone into account, DNP is contributing to the realization of a society in which everyone can participate.

Voice

Bringing creative ability and attractive content to urban design of the future



One of the challenges facing Japan is to reverse the concentration of people and economic activity in Tokyo, and stimulate the nation’s outlying regions.

To contribute to the creation of attractive living environments that will help revitalize rural Japan, DNP is leveraging its creative strengths and the resulting content to expand into the regional co-creation business.

Regional co-creation through the popularity of comics and sports

An increasing number of local governments are using the power of sports for such purposes as attracting tourists and generating employment. The Japan Sports Agency is also using strategic combinations of local resources and sports to promote regional economic revitalization. In June 2017, DNP started marketing a publication in comic-format entitled “Creating Regional Futures through Sports”, which was originally planned and supervised by the Japan Sports Agency, for both East and West Japan versions. This publication introduces successful instances of regional revitalization with sports as the principal tool. The aim of presenting

these cases in an easily understood format was to foster participation by local governments throughout Japan, and thereby achieve regional revitalization. To build the attractive living environments of the future, DNP believes it is essential to appeal to children, who are the coming generation. In addition to sales through book stores nationwide, “Creating Regional Futures” is available at “honto”, a hybrid-type general bookstore offering both electronic and paper editions. In addition, the combined strength of the DNP Group will be leveraged to mount a broad-based promotional effort. Going forward, DNP will leverage its creative strength to help identify attractive regional aspects and disseminate information about them, thereby contributing to regional revitalization.



Keynote address by Daichi Suzuki, Japan Sports Agency Commissioner, at a seminar on regional revitalization through sports held at DNP Plaza (June 29, 2017)



Planning and Supervision: Japan Sports Agency



Naoki Wakabayashi
General Manager, Business Development Division, Publishing & Media Services Operations

In line with the Japan Sports Agency’s strategic synthesis of local resources and sports to promote regional economic revitalization, we proposed that DNP not only print the books, but promote them through our regional co-creation business. To reach more people in local communities with sports content, we published the books in retail format, so more young people would take a look at them and consider how their own communities could be stimulated through sports. The books’ appeal lie in the way they were produced by local university and vocational school students under the direction of professional editors, utilizing the communicative power of comic books, with rich storytelling that conveys the local experience. Going forward, this approach will contribute to the revitalization of other local communities and to conveying their appeal.

Voice

Adding S (secure) to IoT for a society of safe, reliable data exchange



The Internet of Things (IoT), in which appliances, machines, and other devices exchange data, is expected to enrich the lives of consumers and greatly raise enterprise productivity. However, if IoT is to serve as social infrastructure in a safe, secure way, security measures will be critical for protecting it from a variety of threats. Using advanced security technology accumulated over 140 years of controlling and managing important information, DNP can protect the information that things and people exchange over the Internet.



Richer lifestyles with diversified, secure settlement services

Settlement services are part of the infrastructure necessary for economic activity. They are also an important means for making life richer and more convenient for consumers. Broadening access to settlement services also expands participation in economic activity for everyone.

By combining its accumulated security technology with advanced digital technology to provide diversified, secure settlement services, DNP is working to build a society where more people can participate in economic activity, including people without ready access to retail shopping as well as senior citizens.

IoST (Internet of Secure Things®)

IoT is transforming society. With advances in technology, it is becoming possible to monitor and control devices, and to charge fees based on degree of use. At the same time, attacks on data generated by IoT devices, using improper alteration of data and imposter devices, are becoming a growing threat, and society increasingly requires stronger security.

Among the many possible pathways to such security, DNP has chosen to use the expertise and technology it has accumulated through its smart card business as a base for IoT plus S (secure) services. Specifically, the services are provided through a device-resident IC chip like those embedded in ATM cards and smartphone SIMs. Each chip carries an encryption key to prevent alteration of data exchanged over the Internet, and eliminate the possibility of imposter devices. By leveraging its security expertise, DNP is creating Tomorrow’s Basic, a society where the convenience of IoT will be part of everyday life.

Diversified settlement services based on security technology

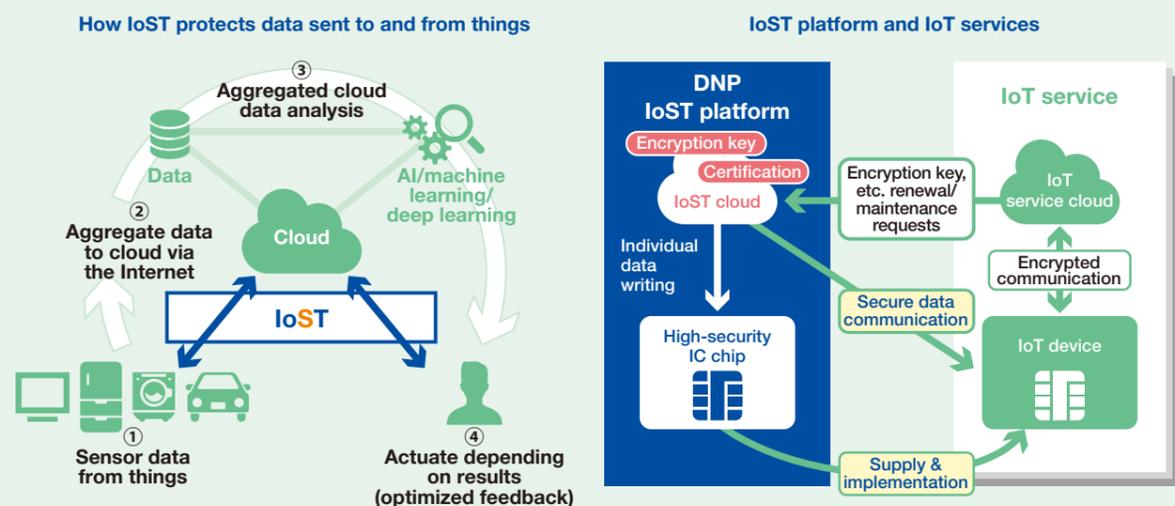
Electronic settlement brings us closer to the cashless society. The Japanese government has included electronic settlement in its growth strategy through 2020 and is calling for its promotion. Using security technology accumulated through its smart card business, DNP is contributing to creation of a cashless society by offering settlement infrastructure and solutions. DNP’s Global Brand Prepaid Cards electronic settlement service, which can be used for prepayment at retailers belonging to such international networks as VISA, Mastercard, and JCB,

is just one example. In collaboration with Nihon Unisys, DNP offers a cloud-based solution for card issuers who need the basic functions required to obtain and manage international-brand prepaid services. Global Brand Prepaid Cards can be used anywhere in the world, and unlike a credit card, there is no pre-screening, and wider eligibility by age, opening the way to cashless settlements commensurate with individual ability to pay. Going forward, there will be even more options for settlement, such as Apple Pay, from smartphones as well as wearable and other smart devices. DNP will continue to offer settlement methods suited to increasingly borderless, diverse lifestyles through multiple settlement platforms.

Special Feature 2: Toward a Rewarding Future for AI

21

“Today’s Innovation is Tomorrow’s Basic”



Special Feature 2: Toward a Rewarding Future for AI

22

“Today’s Innovation is Tomorrow’s Basic”



DNP Cloud Payment Service for smart devices

Voice



Noriyuki Imai
General Manager of IoST Platform Division, Communication & Information Center, Information Innovation Operations

IoT devices are poised for explosive growth, with 53 billion devices in existence by 2020, according to Information and Communications in Japan 2015, a white paper issued by Japan’s Ministry of Internal Affairs and Communications. Using technical expertise in software development, card development, manufacturing, and issuance, and network issuance and verification acquired through its smart card business, DNP is managing IoT device data securely to make possible safe, secure, and reliable information communications. And with respect to a wide range of consumer and social areas, DNP is leveraging its strengths to create new value and new services aimed at serving as the foundations for diverse activities by consumers and society.



Masaki Kawanishi
General Manager, Marketing & Economic Platform Division, Communication & Information Center, Information Innovation Operations

Ahead of the 2020 Tokyo Olympic games, the government of Japan has designated a transition to cashless settlement as part of its national growth strategy. This is just one sign that the move to electronic settlement is certain to accelerate. “Electronic settlement” covers a wide range of settlement modalities: plastic cards, smartphones and other smart devices, Internet-based electronic commerce, and more. With the evolution of technology, electronic settlement pathways seem certain to diversify rapidly. Going forward, DNP will incorporate new technology into its existing expertise to offer new settlement services. And as we move toward a cashless society, we are contributing to the formation of new economic infrastructure for Japan by continuing to offer settlement services that are safe and convenient for all consumers.

Voice

CSR Activities at DNP

Establishing Principal Themes

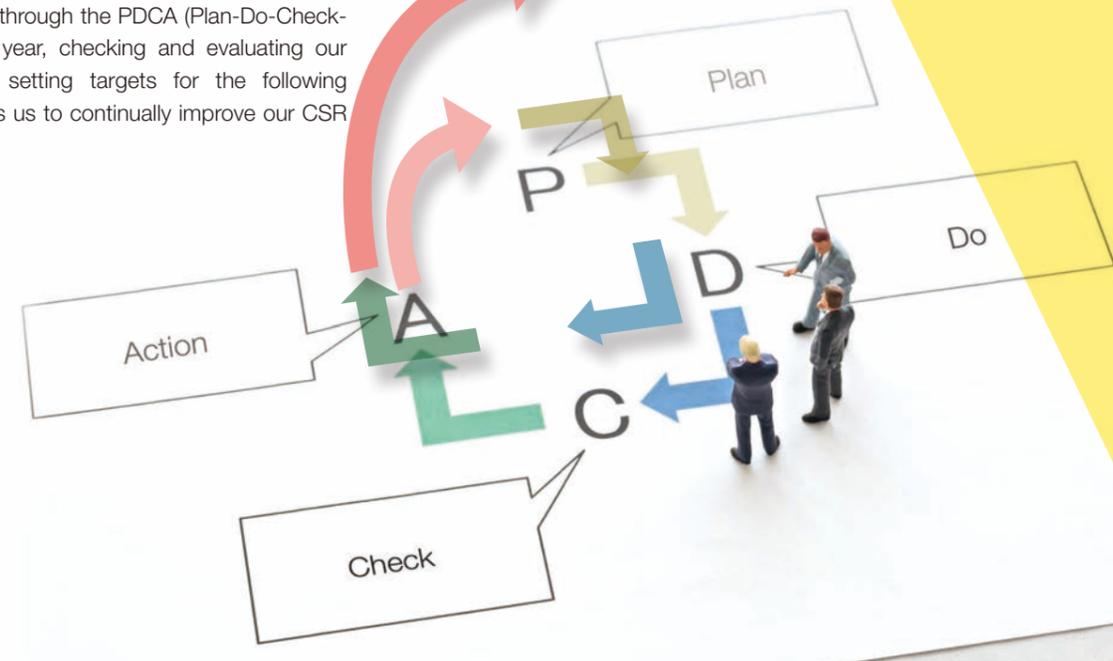
—Continually promoting high-priority activities—

Enterprises depend on society for the human resources, raw materials, energy, and other inputs required to carry out their business activities, and this is only possible when society is sound. To ensure that both society and DNP can continue to grow in a sustainable manner, the company has identified 11 Principal Themes that it is pursuing through its activities.

DNP has established 11 Principal Themes to be promoted in our CSR activities.

In establishing the Principal Themes, we consider DNP's management policies, our strengths, and other relevant factors. We then identify issues for consistent, focused action, and carry out a multi-faceted examination of their importance and priority. At the same time, we establish the Principal Themes for our CSR activities through comprehensive analysis from a social perspective. Our reference points here include relevant international treaties and agreements, centering on the 10 principles of the UN Global Compact, Sustainable Development Goals (SDGs), and ISO 26000 international guidelines for social responsibility; social challenges regarded as important for socially responsible investing (ESG/SRI); and stakeholder opinion.

DNP establishes targets relating to each of its Principal Themes, and works through the PDCA (Plan-Do-Check-Action) cycle every year, checking and evaluating our achievements, and setting targets for the following fiscal year. This helps us to continually improve our CSR activities.



The UN's Global Compact (GC) calls upon enterprises and organizations to demonstrate responsible, creative leadership, act as a good member of society, and take the initiative to participate in the creation of global structures to realize sustainable growth. In July 2006, DNP announced its support for GC and its 10 principles relating to human rights, labor, the environment, and anti-corruption, and is working to reflect their spirit in its group management. We also participate in Global Compact Network Japan, a network of local enterprises that support GC, and are undertaking to coordinate with other Japanese enterprises while promoting GC support activities.

Responsibility #1



Contributing to the Development of Society

See pages 11-22

Responsibility #2



Respect for Human Dignity and Diversity

See page 25



Realization of a Safe and Vibrant Workplace

See page 26



Ensuring the Safety and Quality of Our Products and Services

See page 27



Ensuring Information Security

See page 28



Promoting Social Responsibility through the Supply Chain

See page 29



Environmental Conservation and the Realization of a Sustainable Society

See page 30



Social Contribution as a Good Corporate Citizen

See page 31

Responsibility #3



Proper Disclosure of Information

See page 32

Foundations of the Three Corporate Responsibilities



Compliance with the Law and Social Ethics

See page 33



Development of a System for Business Continuity

See page 34

Starting on page 25, we provide an overview of activities in FY2016 (Apr. '16–Mar. '17) for each Principle Theme. A detailed CSR Management Report (targets and results) is provided starting on page 35.



Respect for Human Dignity and Diversity

The DNP Group Code of Conduct states that respect for human rights is of the utmost importance. It stipulates respect for diversity and requires disciplined action in its support. As such, we are making active efforts to promote diversity and achieve normalization, introduce measures to promote greater participation by women, and provide employment and expanded job scope to persons with disabilities.

245

Number of managers participating in career development support training for subordinates

FY 2016

TARGETS & RESULTS

Mid-Range Target	Encourage diversity in employment: <ul style="list-style-type: none"> ● Greater participation by women ● Employment for persons with disabilities ● Greater participation by contracted employees and senior staff ● Employment of non-Japanese citizens
FY2016 (Apr. '16-Mar. '17) Targets	Implement measures in accordance with the Act to Advance Women's Success in Their Working Life.
FY2016 Results	<ul style="list-style-type: none"> ● Trained 22 female mentors and 16 promotion leaders through DNP's Diversity Promoter Training Program. ● Established headquarters Diversity Promotion Office and divisional and group company Diversity Promotion Committees. ● Carried out career development support training for all managers overseeing female employees with executive potential.
FY2017 Targets	Implement measures in accordance with the Act to Advance Women's Success in Their Working Life (action plan goal: double the number of female section heads or higher by the end of FY2018).

TOPICS

Activities to promote greater participation by women

DNP respects human diversity and works to promote the formation of new values through mutual acceptance of differences.

In April 2016, DNP formulated an action plan based on the Act to Advance Women's Success in Their Working Life, and established a head office Diversity Promotion Office as well as Diversity Promotion Committees in each operation and group company.

Action Plan

- ◆ Establish training programs to enable women to assume key management posts.
- ◆ Introduce and review a mentoring system by managers to support mid- to long-term career development for female employees.
- ◆ Create mechanisms to encourage active development and advancement for female employees.
- ◆ Workstyle innovation to actively support work-life balance.
- ◆ Improve workstyle for female employees, including reduction of overtime.

Efforts in line with the action plan during FY2016 included career development support training for 245 managers overseeing female employees with executive potential. The training covered such topics as career plan development for subordinates and mentoring skills. At the same time, we carried out training for next-generation female leaders, as well as diversity promotion leadership training for division managers, who are responsible for promoting diversity within their units. We are also actively promoting development and promotion of female employees.

TARGETS & RESULTS

Mid-Range Target	Offer workstyle innovation to enable DNP to respond swiftly and flexibly to changing social environments, and implement measures to improve job satisfaction for every employee so as to generate popular momentum toward creating an invigorated, high-performance company.
FY2016 (Apr. '16-Mar. '17) Targets	<ul style="list-style-type: none"> ● Continue activities in each organization based on plans to realize workstyle innovation. ● Continue progress survey of workstyle innovation; carry out improvements based on the results.
FY2016 Results	<ul style="list-style-type: none"> ● Continued activities in each organization based on plans to realize workstyle innovation. Labor and management monitored progress twice through the Productive Time Resources Project. ● Carried out progress survey of workstyle innovation; implemented improvements based on the results, as well as further encouragement measures.
FY2017 Targets	<ul style="list-style-type: none"> ● Continue activities in each organization based on plans to realize workstyle innovation. ● Enrich full participation of worksite unit activities and achieve target for mutually confirming and supporting use of paid leave.



Award ceremony

TOPICS

Workstyle Innovation Workstyle Innovation GOOD AWARD

The goal of DNP's workstyle innovation activities, which began in 2009, is to efficiently use time resources to enhance job value-added and enrich employees' personal lives. Each worksite unit is promoting their own activities, drawing up plans in line with policies set by the top management of their operation or group company, for full participation with independent efforts.

To further encourage workstyle innovation at each worksite during FY2016, the Workstyle Innovation GOOD AWARD was introduced. This award recognizes outstanding workstyle innovations, selected by employee vote, from a wide range of activity cases. Grand prizes were awarded in three divisions—Manufacturing, Sales, and Staff—and an awards ceremony was held.

- ◆ **Manufacturing Division: Paid Leave Utilization Project**
Promoting the use of paid leave for section staff by changes in leaders' working system
- ◆ **Sales Division: Automating Routine Work**
Enhanced operational efficiency through revised management processes, from order receipt to progress monitoring
- ◆ **Staff Division: Improving Maintenance Operations using IoT**
Enhanced operational efficiency and technique transmission for maintenance by linking distant sites with tablet terminals and video communication



Realization of a Safe and Vibrant Workplace

DNP believes that to provide useful new value to society, enterprises must above all provide safe and vibrant work environments for their employees.

We focus on what is needed to generate motivation in each of our diverse employees and enable them to fully demonstrate their capabilities, and based on an understanding of current conditions, we formulate measures for improvement.

Number of Workstyle Innovation GOOD AWARD entries

122





Ensuring the Safety and Quality of Our Products and Services

At DNP, we believe it is our responsibility to prioritize safety and quality above all else in the products we manufacture. The basic approach in DNP's safety and quality efforts is to first consider the situation where the product or service is used. Taking the consumer's perspective, we consider the ease of use of our products and make successive improvements.

Number of inter-departmental Frontline Practices Committee meeting participants (worldwide)

Approx. 1,100

FY 2016

TARGETS & RESULTS

Mid-Range Target	In order to meet the expectations of enterprises, consumers and society, carry out inter-departmental activities involving all DNP employees and departments worldwide, maintain and enhance production quality, and create products with the world's highest levels of quality and safety.
FY2016 Targets (Apr. '16-Mar. '17)	<ul style="list-style-type: none"> Continue Product Safety Innovation Practices Committee meetings; check and improve operational flow. Enhance product safety management at international manufacturing sites and prevent product accidents. Improve product quality management through meetings of the inter-departmental Frontline Practices Committee. Strengthen efforts from the development stage to improve quality and safety in new businesses.
FY2016 Results	<ul style="list-style-type: none"> Held Product Safety Innovation Practices Committee (four meetings), to verify and improve operational flow. Created English-language product safety training materials for international production locations, and enhanced training by local staff. Held inter-departmental Frontline Practices Committee meetings (64 meetings). Surveyed all group companies to assess implementation status of design reviews in new business, and shared successful model cases; strengthened process from the development stage.
FY2017 Targets	<ul style="list-style-type: none"> Reinforce quality assurance and product safety management structures across the Group, as well as inter-departmental activities to enhance quality and product safety and ensure prevention of major product quality accidents and accidents relating to product safety. Continue holding inter-departmental Frontline Practices Committee meetings. Through quality system verification, strengthen efforts from the development stage to improve quality and safety in new businesses.

TOPICS Inter-departmental activities to enhance safety, quality, and efficiency

One of DNP's basic policies is to gain the trust of society by providing products and services that combine printing and information technologies to solve social problems, and by maintaining and enhancing the quality of those products and services. As such, DNP is pursuing product- and service-related quality activities in each of its business areas. In addition, we established a department to coordinate such activities across the entire Group, and to prevent the occurrence of major accidents, we are promoting reinforced design management and quality enhancement activities to prevent recurrence. Sharing successful model cases relating to production processes is a key aspect of inter-departmental quality enhancement activities. Through the implementation of effective methods from other business areas within the Group, overall manufacturing safety and product quality is enhanced. Furthermore, manufacturing specialists from other business areas serve as members on Frontline Practices Committees, which develop improvement measures in each factory through actual use of machinery. This inter-departmental approach facilitates improvements from a wider base of expertise and is proving highly effective. In FY2016, approximately 1,100 people from 190 company units served on these committees. Moreover, employees are engaged in unit-specific, independent e-learning to enhance their understanding and awareness of product safety and product liability. During FY2016, 22,788 employees completed at least one of these courses.

TARGETS & RESULTS

Mid-Range Target	Recognize network security risks and take proper measures.
FY2016 Targets (Apr. '16-Mar. '17)	Raise the level of understanding and training with respect to network security measures.
FY2016 Results	<ul style="list-style-type: none"> Held three internal training courses. Served as member, Nippon CSIRT* Association.
FY2017 Targets	Raise level of understanding and training with respect to network security measures.

* CSIRT: Computer Security Incident Response Team

TOPICS Strengthening cyber security measures

As attacks on computer networks become more sophisticated and complex, conventional responses in which the threat is prevented from gaining entry to the network, are becoming inadequate. At DNP, our security solutions provide multilevel protection, including inbound measures to cover the vulnerability of conventional PCs and guard against viruses and other threats; internal measures, which limit the scope of damage if the network is breached; and outbound measures, which prevent improper movement of information outside the network. DNP practices Security By Design, with security features incorporated from the system development stage, and regularly monitors in-use systems for vulnerabilities. In this and other ways, we are constantly prepared to deal with new threats. We are also working to educate our employees, including inviting them to participate in educational programs covering defense against cyber attacks, at our group company Cyber Knowledge Academy. In addition, DNP is a member of the Nippon CSIRT Association, which facilitates information sharing and collaboration across enterprise boundaries. Through these activities, we will undertake to further reinforce our security, detect incidents immediately, and respond rapidly to meet the escalating threat of cyber attacks.



Ensuring Information Security

Ensuring information security and protecting personal information are becoming increasingly important. At DNP, we handle a large volume of personal information and other information assets. As such, managing and protecting information assets is a critical theme, and can be considered our social responsibility. DNP has positioned information security as one of our most important management issues, and we are working to strengthen our structures and train our employees.

Internal training courses on network security held

3



Promoting Social Responsibility through the Supply Chain

At DNP, we are working with our suppliers throughout the supply chain to improve compatibility with social expectations. These efforts will be meaningless if we deviate from social norms in processes such as raw material procurement or manufacturing. We carry out various types of management with the aim of realizing both high value creation and high compliance awareness.

Percentage of key suppliers conforming with Group Guidelines for Procurement of Paper for Printing and Converting

100%

Percentage of key suppliers conforming with Group Guidelines for Procurement of Paper for Printing and Converting

TARGETS & RESULTS

Mid-Range Target	DNP and its suppliers will understand the importance of CSR, and act with integrity and in accordance with the CSR Procurement Guidelines to improve compatibility with social expectations across the whole supply chain, thereby achieving sustainable growth both for the enterprise and society, which is the basis for business activities.
FY2016 (Apr. '16-Mar. '17) Targets	<ul style="list-style-type: none"> ● Improve effectiveness of CSR Procurement Criteria. Consider status survey and review of criteria to align content with international trends. ● Enhance effectiveness of Group Guidelines for Procurement of Paper for Printing and Converting. Revise survey content in light of social trends and conduct regular investigations. Based on results, carry out <i>TAIWA</i> with key suppliers and International NGOs.
FY2016 Results	<ul style="list-style-type: none"> ● Revised CSR Procurement Criteria. ● Carried out regular investigations based on Group Guidelines for Procurement of Paper for Printing and Converting and <i>TAIWA</i> with key suppliers, and obtained written confirmation of guideline conformance. ● Carried out <i>TAIWA</i> with International NGOs.
FY2017 Targets	<ul style="list-style-type: none"> ● Conduct and announce results of supplier survey relating to conflict minerals. ● CSR Procurement Guidelines <ul style="list-style-type: none"> • Carry out compliance survey and engage in <i>TAIWA</i> with key suppliers. • Expand the number of manufacturing subcontractors subject to the survey. • Reinforce CSR Procurement activities at international business locations. ● Guidelines for Procurement of Paper for Printing and Converting <ul style="list-style-type: none"> • Engage in <i>TAIWA</i> with key suppliers and confirm guideline conformance.

TOPICS Promoting CSR Procurement through external collaboration

In 2006, DNP established its Group CSR Procurement Criteria, and began conducting annual supplier compliance surveys. Through these and other efforts, we have promoted CSR activities continuously throughout our supply chain. At the same time, with progressive globalization and increasingly complex supply chains, it is more than ever incumbent upon enterprises to manage risk in such areas as human rights and the environment. To reflect these international trends and mount advanced efforts with deeper collaboration, we clarified the criteria in FY2016, and changed their name to the DNP Group CSR Procurement Guidelines. Moreover, in line with our responsibilities as an enterprise using paper as a key material, we issued the DNP Group Guidelines for Procurement of Paper for Printing and Converting in 2012, whose goal is to make effective use of sustainable forest resources. We regularly survey our key suppliers and engage in *TAIWA* to ensure their understanding and conformance to the guidelines. In FY2016, we expanded the guidelines' scope of implementation, and began obtaining written conformance confirmation from each supplier. In addition, to enhance the quality of activities in support of the guidelines, we engage in ongoing *TAIWA* with WWF (World Wide Fund for Nature) Japan for insights into the latest social trends, and exchange opinions on such subjects as our regular survey methods and their results.

TARGETS & RESULTS

Mid- to Long-Range Target	For the entire DNP Group, including international companies: <ul style="list-style-type: none"> ● Reduce greenhouse gas emissions by 20% worldwide compared to FY2005 by FY2030. ● Reduce greenhouse gas emissions by 10% worldwide compared to FY2005 by FY2020.
FY2016 Results	[Reference value] FY2005 emissions: 1,110,000 tons
	FY2016 emissions: 929,000 tons <small>(16.3% decrease compared to FY2005)</small>



Comparison of room brightness without (left) and with (right) DNP lighting film

TOPICS DNP lighting film recognized at the 26th Grand Prize for the Global Environment Award

DNP lighting film for windows efficiently reflects and scatters sunlight to make rooms brighter. The film has also proven effective in reducing lighting-related energy consumption and making interior spaces more comfortable, and was recognized with the Japan Business Federation Chairman's Award at the 26th Grand Prize for the Global Environment Award. The film can be sandwiched between sheets of glass or applied to windows on site. When used on the side of a building that receives the least amount of sunlight, room brightness is doubled,^{*1} and energy (costs) required for lighting can be reduced by as much as 13%^{*2}. The product incorporates optical design technology developed in part through the manufacture of optical films for displays, as well as microfabrication technology, allowing optimization of the optical properties and structure of the film. The result is efficient reflection and scattering of sunlight throughout the room environment year-round. Effective use of natural light reduces energy consumption and makes for greater comfort, and more and more homes, offices, shops, hospitals, and other locations are enjoying these benefits. DNP has positioned Environment and Energy as a business growth area, and is developing new products and services to support both economic growth and preservation of the environment.

^{*1} DNP test result. Maximum value from measurements taken through 6:00 p.m., June 5, 2015
^{*2} DNP test result. Measurements taken through 6:00 p.m., July 21, 2014



26th Grand Prize for the Global Environment Award



Environmental Conservation and the Realization of a Sustainable Society

DNP receives the benefits of nature in all of its business activities, from raw material procurement to manufacturing and waste disposal. Therefore, we are making a Group-wide effort in our environmental activities, always bearing in mind coexistence with the global environment, and aiming to help build a sustainable society.

Effect of DNP lighting film on energy consumption

13%

reduction^{*2}





Social Contribution as a Good Corporate Citizen

DNP aims to contribute broadly to the realization of a better society by effectively utilizing our management assets (including human resources, knowledge, technology and facilities), optimizing our business management and operations, and striving for collaboration and cooperation with outside organizations. In addition, we support the social contribution activities of employees as a way of promoting each employee's self-realization and personal growth.

Number of Group program participants

243

FY 2016

TARGETS & RESULTS

Mid-Range Target	Expand the impact of social contribution activities to facilitate realization of a sustainable society. ● Promote the five activity themes* of the DNP Social Contribution Activities Policy (through FY2019). • Group programs: 2.5% employee participation rate (1,000) • Location-specific programs: 100% implementation rate
FY2016 Targets (Apr. '16-Mar. '17)	● Enhance Group programs to promote changes in employee awareness. • Number of participants: 200 in single fiscal year, cumulative total of 350 from FY2015. • Continue expanding Group programs to locations throughout Japan.
FY2016 Results	● Group programs: Participating employees: 243, cumulative total of 374 Locations implementing first time: 4
FY2017 Targets	● Enhance Group programs. • Number of participants: 200 in single fiscal year, cumulative total of 574. • Continue expanding Group programs to locations throughout Japan.

*Environmental conservation, communities, nurturing the next generation, art and culture, humanitarian aid

TOPICS Assisting recovery from the 2016 Kumamoto Earthquakes

The earthquakes that struck Kumamoto in April 2016 caused immense damage, centering on but not limited to Kumamoto Prefecture. In accordance with internal policy, fundraising to support recovery from the disaster was carried out at business locations nationwide, as well as through the Federation of Dai Nippon Printing Group Labor Unions. A total of ¥20 million was contributed to Japan Platform, an emergency humanitarian aid organization who provide local support. Approximately half the funds were contributed by employees, and the remainder consisted of matching gifts. At the same time, employee cafeterias in 34 business locations nationwide began featuring "recovery support menus," and a portion of revenues from the menus, matched with corporate funds and totaling approximately ¥2 million, was contributed to Chance for Children, a public interest incorporated association providing educational support to children in the disaster area. In addition, in October 2016, our employees carried out local volunteer work in the disaster area. Sixteen employees from Kyushu, western Honshu, and the Kansai and Kanto regions performed various tasks, including helping to dismantle a shelter in Mashiki, Kumamoto Prefecture, and assisting strawberry farmers affected by the quakes and the subsequent eruption of Mt. Aso, to remove accumulated volcanic ash from greenhouses.



Employee fundraising

TARGETS & RESULTS

Mid-Range Target	Enhance corporate transparency and reinforce DNP's position as a company trusted by the public by providing stakeholders with the timely, appropriate information they need.
FY2016 Targets (Apr. '16-Mar. '17)	Raise information disclosure to the level demanded by society, compare current status with level to be achieved, and ascertain issues.
FY2016 Results	Through survey results, including surveys carried out at IR/CSR meetings and surveys concerning socially responsible investing (SRI), we sorted issues to be met in the area of expected information disclosure, and examined the future direction of the information to be disclosed.
FY2017 Targets	● Make appropriate, timely disclosure of positive and negative social impacts from our business activities. ● Prepare for disclosure of combined financial and non-financial information relating to our value creation process.



Award ceremony



Environmental Communication Awards Excellence Award
Environmental Report Division

TOPICS

Recognized at the Environmental Communication Awards for the third consecutive year

For the third year in a row, the DNP CSR Report 2016 and its Environmental Report 2016 received Excellence Awards at the 20th Environmental Communication Awards, hosted by the Ministry of the Environment and the Global Environmental Forum. These awards are given in recognition of excellence in environmental reports, environmental activity reports, and television commercials dealing with the environment, to encourage enterprises and others to engage in environmental management and communication, and improve their level of environmental information disclosure. The award recognized DNP's establishment of a FY2030 goal for the reduction of greenhouse gas emissions through Scope 3 measures, including reductions at its principal international business locations; its FY2020 goal for reductions in water usage, also being pursued at international locations; its receipt of an A List evaluation for the second year running from the authority on international evaluation organization, CDP; and furthermore, its reader-friendly editorial approach with clearly stated management policies and principal CSR themes organized by business content, with goals, initiatives, and metrics supported by topical information.

Proper Disclosure of Information

DNP believes that transparent information disclosure is one of the key requirements to be an enterprise trusted by society. We will take the initiative in making timely, appropriate disclosure to all stakeholders concerning the full range of our business activities, to fulfill our responsibilities as an enterprise to provide information. We will also listen closely to stakeholder opinions, and by deepening our TAIWA with them, build sound relations of trust.

3 years in a row

Environmental Communication Awards
Environmental Report Category
Excellence Award



Compliance with the Law and Social Ethics

In carrying out its business activities, we at DNP believe we can earn the trust of society by having a mindset that is always fair and impartial, and by contributing to the maintenance and development of orderly, free, competitive markets. We are working to inculcate and firmly establish corporate ethics and respect for laws and regulations throughout the Group to maintain and enhance DNP's relationship of trust with society.

22
companies

Number of international business locations that have carried out risk analysis and evaluation

TARGETS & RESULTS

Mid-Range Target	Strengthen the DNP Group's ability to withstand natural disasters. ● Strengthen each workplace's ability to withstand natural disasters based on the Disaster Response Work Plans and Business Continuity Plan. ● Strengthen disaster defense measures in Ichigaya to protect DNP's central functions.
FY2016 Targets (Apr. '16-Mar. '17)	Broaden perspective to include community contribution, and realize further improvements in the Ichigaya site's disaster response capabilities.
FY2016 Results	● Revised Large-scale Earthquake Response Plan. ● Carried out disaster preparedness drills in the Ichigaya area. ● In coordination with government, enhanced preparedness to accommodate persons stranded in Ichigaya and unable to return home following a disaster. ● Enhanced wind and flood preparedness.
FY2017 Targets	● Strengthen measures to cope with large-scale disasters. ● Promote specific, practical activities to lower risk based on disaster management plans covering climate change and local disaster risk at each workplace.

TOPICS Strengthening broad-based disaster preparedness

DNP continuously enhances and strengthens its disaster preparedness to ensure personal safety and continuity of corporate functions in the event of disasters and emergencies. DNP had already formulated the Large-scale Earthquake Response Plan, but the plan was revised following the March 2011 Great East Japan Earthquake, which demonstrated once again the importance of ongoing preparedness. Further revisions were carried out in FY2016 in view of damage from subsequent earthquakes, including the April 2016 Kumamoto Earthquakes, and the situation in society. The latest revisions bolster the wide-area joint support framework and add measures for accommodating individuals stranded and unable to return home after a major disaster. The influence of climate change has recently brought more wind and flood damage from large typhoons, tornados, and intense rainfall. DNP believes that disasters caused by unusual weather conditions will increase in frequency, and is bolstering its preparedness with such steps as formulating Flooding Response Management Standards and examining the possibility of adopting and utilizing a new forecasting system. Going forward, DNP will carefully monitor local risk and prepare for all types of natural disaster as well as military conflicts brought on by unstable international conditions, and create a structure to enable all of its business locations to promptly gather information and take interim response measures. We are also strengthening our wide-area joint support framework to promote rapid recovery.

Collaborating with local communities



TARGETS & RESULTS

Mid-Range Target	Disseminate and inculcate DNP's corporate ethics, and enhance the effectiveness of internal controls and risk management.
FY2016 Targets (Apr. '16-Mar. '17)	● Continue to implement Autonomous Corporate Ethics Training and similar efforts. ● Analyze and assess risk at our international business locations and promote risk mitigation measures. ● Formulate and disseminate Group basic policies and compliance items for addressing bribery risk. ● Enhance content of risk self-evaluation, with ongoing implementation. ● Under the direction of the Head Office Corporate Ethics Committee, enhance and strengthen internal controls within the Group.
FY2016 Results	● Ongoing implementation of Autonomous Corporate Ethics Training and level-based and other types of training. ● Based on analysis of the results of risk self-evaluations at international locations, characterized management risk and promoted formulation of response measures. ● Top management of each organization autonomously checked improvement of issues relating to internal controls on a regular basis, and strengthened management. ● Formulated basic proposal for basic anti-corruption policies and regulations.
FY2017 Targets	● Continue to implement Autonomous Corporate Ethics Training and similar efforts. ● Analyze and assess risk at all international locations; implement ongoing risk response. ● Formulate and disseminate a basic policy, etc. for corruption prevention, and ensure compliance.

TOPICS Continuous efforts to strengthen risk response

At DNP, we are making continuous domestic and international efforts to promote our mid-range target of "disseminating and inculcating DNP's corporate ethics, and enhancing the effectiveness of internal controls and risk management." Autonomous Corporate Ethics Training sessions were held in FY2016 for the 14th consecutive year. Senior management personnel in divisions, Group companies, and other units acted as lecturers to explain in easily understood terms to the staff of their own units the challenges facing them, and their solutions. In addition to the training, employees are engaged in a variety of ongoing activities to disseminate and inculcate DNP's corporate ethics and thereby strengthen internal controls. In addition, we are striving to appropriately manage heightened international and domestic risk themes. For example, DNP furthered preparations to formulate policies and rules regarding corruption prevention. Furthermore, each international location worked to respond to risk by carrying out self-evaluations, and to achieve more effective management based on the results of those evaluations, in coordination with headquarters senior management and international Group companies. In FY2016, based on risk survey results, we considered management risk relating to human and labor rights, in addition to ongoing efforts in the area of information security risk. In FY2017 and beyond, DNP will maintain these efforts toward improvement from a global perspective.



Development of a System for Business Continuity

Emergencies that disrupt our business activities will affect not only DNP but our various stakeholders. Our goal is a structure that will enable us to quickly assess the type and extent of a threat, and take appropriate countermeasures to effect prompt recovery if an unexpected event occurs that affects our corporate continuity.

Strengthening Disaster Resilience



CSR Theme	Mid-Range Target	FY2016 (Apr. '16–Mar. '17)		Evaluation	FY2017 (Apr. '17–Mar. '18)
		Annual Targets	Results		
Foundations of the Three Corporate Responsibilities	Compliance with the Law and Social Ethics Disseminate and inculcate DNP's corporate ethics, and enhance the effectiveness of internal controls and risk management.	<ul style="list-style-type: none"> ● Continue to implement Autonomous Corporate Ethics Training and similar efforts. ● Analyze and assess risk at our international business locations and promote risk mitigation measures. <ul style="list-style-type: none"> · Formulate and disseminate Group basic policies and compliance items for addressing bribery risk. · Enhance content of risk self-evaluation, with ongoing implementation. ● Under the direction of the Head Office Corporate Ethics Committee, enhance and strengthen internal controls within the Group. 	<ul style="list-style-type: none"> ● Ongoing implementation of Autonomous Corporate Ethics Training and level-based and other types of training. ● Based on analysis of the results of risk self-evaluations at international locations, characterized management risk and promoted formulation of response measures. ● Top management of each organization autonomously checked improvement of issues relating to internal controls on a regular basis, and strengthened management. ● Formulated basic proposal for basic anti-corruption policies and regulations. 	○	<ul style="list-style-type: none"> ● Continue to implement Autonomous Corporate Ethics Training and similar efforts. ● Analyze and assess risk at all international locations; implement ongoing risk response. ● Formulate and disseminate a basic policy, etc. for corruption prevention, and ensure compliance.
	Development of a System for Business Continuity Strengthen the DNP Group's ability to withstand natural disasters <ul style="list-style-type: none"> ● Strengthen each workplace's ability to withstand natural disasters based on the Disaster Response Work Plans and Business Continuity Plan. ● Strengthen disaster defense measures in Ichigaya to protect DNP's central functions. ● Establish a wide-area joint support framework for disaster situations. ● Strengthen disaster damage reduction measures for information systems. 	<ul style="list-style-type: none"> ● Promote concrete, practical risk mitigation activities based on plans formulated by each organization and worksite. ● Broaden perspective to include community contribution, and realize further improvements in the Ichigaya site's disaster response capabilities. ● Through disaster response conferences among sites of the wide-area response network, develop and enhance total disaster response capability. ● Expand use of FMC* service. ● Consider introducing IT service to enable employees to work from home during large-scale disasters. ● Strengthen Ichigaya, Tokyo's backup structure for use as system backup for plants. <p>* An extension telephone service using mobile phones that enables calling with in-house extensions while out of the office.</p>	<ul style="list-style-type: none"> ● Revised Large-scale Earthquake Response Plan. ● Carried out disaster preparedness drills in the Ichigaya area. ● In coordination with government, enhanced preparedness to accommodate persons stranded in Ichigaya and unable to return home following a disaster. ● Enhanced wind and flood preparedness. ● Engaged in support activities in the Kumamoto Earthquakes disaster area. ● 30% year on year increase in users connected to the FMC service. ● Built an environment for field testing of an IT service to enable employees to work from home during large-scale disasters. 	○	<ul style="list-style-type: none"> ● Strengthen measures to cope with large-scale disasters. <ul style="list-style-type: none"> · Equip and enhance collaboration and support structure between operating locations in case of wide-area disaster. · Strengthen Ichigaya and Kashiwa area backup structures for plant systems. · Strengthen disaster response capabilities in Ichigaya area. · Expand use of FMC service. · Implement work-from-home IT service. · Strengthen structure and environment to ensure continuous provision of IT services even if data center is affected by disaster. ● Promote specific, practical activities to lower risk based on disaster management plans covering climate change and local disaster risk at each workplace.
Responsibility #1 Contributing to the Development of Society	[Realizing Our Group Vision] Promote the creation of an environment to accelerate the realization of the DNP Group Vision 2015.	<ul style="list-style-type: none"> ● Promote company-wide dissemination and implementation of P&I Innovations with the aim of "providing new value." ● Promote development and support of company-wide systems and structures to accelerate realization of our Group Vision. 	<ul style="list-style-type: none"> ● Promoted inculcation of P&I Innovations through level-based training. ● Promoted inter-worksites collaboration, industry-university collaboration, mergers and acquisitions, and open innovation to create places for innovation to occur, thereby effectively promoted P&I Innovations. 	○	<ul style="list-style-type: none"> ● Promote sales and production activity acceleration and integration measures (structures and systems) to realize the DNP Group Vision.
	[Progress in relation to growth strategy] Develop capability for an early grasp of issues for people and society, create products and services to provide new value, and contribute to social development.	<p>Promote development of products and businesses to realize our growth strategy</p> <ul style="list-style-type: none"> ● Knowledge and communication Support cultural development, promote communication with consumers and develop new products and services to provide valuable information safely and securely in the optimal form. ● Food and healthcare Develop new products and services to facilitate safe and high-quality life as well as lifelong health maintenance in an aging society. ● Lifestyles and mobility Contribute to achieving comfortable personal spaces and a smart society adapted to the diversifying values of consumers. ● Environment and energy Develop new products and services that aim to realize a sustainable society and promote respect for the global environment and energy/resource conservation. 	<ul style="list-style-type: none"> ● Developed YORIP ("Side Trip") travel app to contribute to regional revitalization. Coordinated with local government and promotional events. ● Developed Your Manager monitoring system for accurate medication dosing for in-home treatment of the elderly and began demonstrations through industry-university collaborations. ● Developed DNP Super Weatherable Hard Coat Transfer Film and other products that contribute to production of lighter automobiles, thus reducing energy consumption and CO₂ emissions. ● Began offering CrackProof, an anti-tampering and personal data protection system for applications in on-board control devices becoming increasingly prevalent in automotive electronic safety systems; developed DNP Multi-Peer VPN server system for data communication encryption, verification, and management. ● Created resource recycling system for excess paper from plants to promote sustainable use of forest resources (eligible for FSC certification mark). 	○	<p>Promote products, services, and business models aimed at achieving DNP's growth strategy</p> <ul style="list-style-type: none"> ● Knowledge and communication Support cultural development, promote communication with consumers and develop new products and services to provide valuable information safely and securely in the optimal form. ● Food and healthcare Develop new products and services to facilitate safe and high-quality life as well as lifelong health maintenance in an aging society. ● Lifestyles and mobility Contribute to achieving comfortable personal spaces and a smart society adapted to the diversifying values of consumers. ● Environment and energy Develop new products and services that aim to realize a sustainable society and promote respect for the global environment and energy/resource conservation.
	Establish an organization conducive to overseas expansion.	<ul style="list-style-type: none"> ● Promotion of the building of an organizational structure based on our international strategy. 	<ul style="list-style-type: none"> ● Strengthened organizational structure in Singapore and elsewhere to contribute to economic growth in the Asian region. 	○	<ul style="list-style-type: none"> ● Promote building an organizational structure based on our new international strategy.
Responsibility #2 Respect for Human Dignity and Diversity	Review and develop management structure in line with trends in international human rights standards; in accordance with that review, take various opportunities to promote understanding and compliance with such standards on the part of employees and suppliers.	<ul style="list-style-type: none"> ● Continue to ascertain human rights risks in our business activities. ● Consider and implement risk mitigation measures based on analysis of the human rights risk survey results. ● In activities such as level-based group training, place particular focus on risk associated with human rights issues. 	<ul style="list-style-type: none"> ● Carried out interview survey concerning human rights at four divisions and their purchasing departments. ● Bolstered CSR procurement management to enhance risk prevention. ● Carried out activities such as level-based group training (25 times) with focus on human rights education. 	○	<ul style="list-style-type: none"> ● Consider methods to perform human rights due diligence. ● Implement specific risk mitigation measures based on risk survey analysis. ● Continue activities such as level-based group training with focus on human rights risk issues.
	Encourage diversity in employment: <ul style="list-style-type: none"> ● Greater participation by women ● Employment for persons with disabilities ● Greater participation by contracted employees and senior staff ● Employment of non-Japanese citizens 	<ul style="list-style-type: none"> ● Implement measures in accordance with the Act to Advance Women's Success in Their Working Life. ● Achieve an employment rate of 2% for persons with disabilities through such measures as development of job categories and normalization training. 	<ul style="list-style-type: none"> ● Trained 22 female mentors and 16 promotion leaders through DNP's Diversity Promoter Training Program. ● Established headquarters Diversity Promotion Office and divisional and Group company Diversity Promotion Committees. ● Carried out career development support training for all managers overseeing female employees with executive potential. ● Employment rate for persons with disabilities: 1.93%. 	△	<ul style="list-style-type: none"> ● Implement measures in accordance with the Act to Advance Women's Success in Their Working Life (action plan goal: double the number of female managers by the end of FY2018). ● Achieve an employment rate of 2% for persons with disabilities through such measures as development of job categories and year-round employment screening.

CSR Theme	Mid-Range Target	FY2016 (Apr. '16–Mar. '17)		Evaluation	FY2017 (Apr. '17–Mar. '18)
		Annual Targets	Results		
Respect for Human Dignity and Diversity	Enhance development of an in-house workforce able to make contributions to the global community.	<ul style="list-style-type: none"> ● Continue employee training in cross-cultural understanding and respect for diversity. Continue personnel development at international business locations. Disseminate and promote our global training system. 	<ul style="list-style-type: none"> ● Continued such programs as cross-cultural management, cross-cultural understanding, and global communication. ● Planned jumpstart global workforce development training for junior employees. ● Utilized global training system to allow younger employees to gain international experience. Dispatched four employees to North America and Southeast Asia. 	○	<ul style="list-style-type: none"> ● Combine global training system and new jumpstart global workforce development training to strengthen junior employee development.
	Help alleviate poverty for producers in developing nations.	<ul style="list-style-type: none"> ● Expand the use of fairtrade-certified products to DNP locations nationwide, and raise awareness within the company. ● Strengthen collaboration with outside partners and make new efforts. 	<ul style="list-style-type: none"> ● Continued Fairtrade Month Campaign at 28 employee cafeterias nationwide; sold fairtrade-certified products in collaboration with partner companies. ● In collaboration with Art Coffee Co., Ltd., developed certified coffee drip pouch, which Art Coffee launched in December 2016. Began internal company sales in March 2017. 	○	<ul style="list-style-type: none"> ● Expand internal consumption of fairtrade-certified products. · Serve 100,000 cups of coffee annually. · Expand number of certified products sold internally. ● Encourage propagation of fairtrade internally and externally. · Leverage knowledge acquired through internal consumption to implement fairtrade promotion activities in collaboration with external partners.
Realization of a Safe and Vibrant Workplace	Develop personnel to drive the fulfillment of our Corporate Philosophy.	<ul style="list-style-type: none"> ● Implement a goal management and evaluation system and align organizational and individual goals. 	<ul style="list-style-type: none"> ● Implemented goal management and evaluation system, and revised the merit rating system to enable more appropriate personnel reviews. ● Conducted general training relating to goal setting and evaluation; carried out workshops in each department to undertake operations suited to actual conditions in each organization. 	○	<ul style="list-style-type: none"> ● Encourage understanding and use of new goal management system and merit rating system. ● Implement training with theme of solving social problems.
	Offer workstyle innovation to enable DNP to respond swiftly and flexibly to changing social environments, and implement measures to improve job satisfaction for every employee so as to generate popular momentum toward creating an invigorated, high-performance company.	<ul style="list-style-type: none"> ● Continue activities in each organization based on plans to realize workstyle innovation. ● Continue progress survey of workstyle innovation; carry out improvements based on the results. ● Consider revision of nursing care-related systems. Maintain policies to promote balance of work and nursing care responsibilities, and participation by male employees in child rearing. 	<ul style="list-style-type: none"> ● Continued activities in each organization based on plans to realize workstyle innovation. Labor and management monitored progress twice through the Productive Time Resources Project. ● Carried out progress survey of workstyle innovation; implemented improvements based on the results, as well as further encouragement measures. ● Nursing care-related systems were revised. Seminars were held on themes such as promoting balance of work and nursing care responsibilities, and participation by male employees in child rearing. 	○	<ul style="list-style-type: none"> ● Continue activities in each organization based on plans to realize workstyle innovation. ● Enrich full participation of worksite unit activities and achieve target for mutually confirming and supporting use of paid leave. ● Continue to promote balance of work and nursing care responsibilities, and participation by male employees in child rearing.
	Carry on the creation of workplace environments where employees can work with peace of mind, free from health hazards. This will be achieved based on plans to prevent work-related accidents and promote/maintain health.	<ul style="list-style-type: none"> ● Make elimination of machine-related accidents a top priority, promote risk assessment and facility safety measures based on safety standards for in-house equipment, and strengthen education/guidance. ● Promote mental health measures based on the results of organization analysis of the FY2015 survey. ● Implement testing of model business for health education. 	<ul style="list-style-type: none"> ● Based on safety standards for in-house equipment, promoted risk identification, equipment safety measures, and management of residual risk; implemented check and follow up through plant inspections; commenced equipment safety education for managers and staff. <p>Note: Number of work accidents: down 2% from FY2016; lost time work accident occurrence rate: 0.21 (both record low figures).</p> <ul style="list-style-type: none"> ● Implemented response measures based on organizational analysis of FY2015 stress check. ● Tested first model business for health education as a measure to heighten employee health awareness. 	○	<ul style="list-style-type: none"> ● Prioritize elimination of machine-related accidents, promote risk assessment and facility safety measures based on safety standards for in-house equipment, and strengthen education/guidance. ● Based on stress check results, create structure to promote independent efforts at every workplace. ● In light of results from first model business for health education, implement second model business for health education with more effective content.
Ensuring the Safety and Quality of Our Products and Services	In order to meet the expectations of enterprises, consumers and society, carry out inter-departmental activities involving all DNP employees and departments worldwide, maintain and enhance production quality, and create products with the world's highest levels of quality and safety.	<ul style="list-style-type: none"> ● Continue Product Safety Innovation Practices Committee meetings; check and improve operational flow. Enhance product safety management at international manufacturing sites and prevent product accidents. ● Improve product quality management through meetings of the inter-departmental Frontline Practices Committee. ● Strengthen efforts from the development stage to improve quality and safety in new businesses. 	<ul style="list-style-type: none"> ● Held Product Safety Innovation Practices Committee (four meetings), to verify and improve operational flow. Created English-language product safety training materials for international production locations, and enhanced training by local staff. ● Held inter-departmental Frontline Practices Committee meetings (64 meetings). ● Surveyed all Group companies to assess implementation status of design reviews in new business, and shared successful model cases; strengthened process from the development stage. 	○	<ul style="list-style-type: none"> ● Reinforce quality assurance and product safety management structures across the Group, as well as inter-departmental activities to enhance quality and product safety and ensure prevention of major product quality accidents and accidents relating to product safety. ● Continue holding inter-departmental Frontline Practices Committee meetings. ● Through quality system verification, strengthen efforts from the development stage to improve quality and safety in new businesses.
Ensuring Information Security	<ul style="list-style-type: none"> ● Aim for strong information security and efficient, highly productive work. ● To respond to globalization, extend DNP's information security management protocol to every country in which it operates, in accordance with local rules and regulations. ● Recognize network security risks and take proper measures. ● Promote protection of personal data. 	<ul style="list-style-type: none"> ● Continue introduction of thin client PCs to make it possible to conduct business securely anywhere, inside or outside of the company. ● Improve document digitization processes by applying PDCA cycle. As part of this effort, continue introduction of SSFC-based (Shared Security Formats Cooperation)* printing management systems. ● Set up an encryption environment for confidential digital documents as a measure to improve information security. <p>* System linking various kinds of security-related equipment using smart cards</p>	<ul style="list-style-type: none"> ● Promoted adoption of thin client PCs (cumulative total of 4,414 terminals). ● Promoted introduction of SSFC-based printing management systems (cumulative total of 406 systems). ● Developed auto-encryption folder and enhanced user environment. 	○	<ul style="list-style-type: none"> ● To ensure secure internal and external conduct of business, promote introduction of thin client PCs ● Revamp office environments and cut back on the use of paper.* ● Expand educational tools to cover multiple languages and provide training aimed at promoting information security management at international Group companies. ● Raise the level of understanding and training with respect to network security measures. ● Formulate internal rules in response to revisions in the Act on the Protection of Personal Information and JISQ15001. <p>* Reduce paper usage by making the working environment conducive to electronic communication and data storage.</p>
		<ul style="list-style-type: none"> ● Expand educational tools to cover various languages and provide training aimed at promoting information security management at international Group companies. 	<ul style="list-style-type: none"> ● Created Introduction to Information Security 2016 educational tool in nine languages. 	○	
		<ul style="list-style-type: none"> ● Raise the level of understanding and training with respect to network security measures. 	<ul style="list-style-type: none"> ● Trained all employees through e-learning. ● Held internal training courses (three times). ● Displayed educational materials using in-house digital signage system (three types). ● Served as member, Nippon CSIRT* Association <p>*CSIRT (Computer Security Incident Response Team)</p>	○	

CSR Theme	Mid-Range Target	FY2016 (Apr. '16–Mar. '17)		Evaluation	FY2017 (Apr. '17–Mar. '18)	
		Annual Targets	Results			
Responsibility #2	Promoting Social Responsibility through the Supply Chain	DNP and its suppliers will understand the importance of CSR, and act with integrity and in accordance with the CSR Procurement Guidelines to improve compatibility with social expectations across the whole supply chain, thereby achieving sustainable growth both for the enterprise and society, which is the basis for business activities.	<ul style="list-style-type: none"> ● Conduct and announce results of supplier survey relating to conflict minerals. ● Improve effectiveness of CSR Procurement Criteria [Domestic: Suppliers] <ul style="list-style-type: none"> · Improve response rate for compliance survey. · Carry out TAIWA with main suppliers to investigate the content of the awareness survey and compliance survey of the applicable companies. [Domestic: Manufacturing subcontractors] <ul style="list-style-type: none"> · Expand applicability, and provide feedback. [International] <ul style="list-style-type: none"> · Consider status survey and review of criteria to align content with international trends. ● Enhance effectiveness of Group Guidelines for Procurement of Paper for Printing and Converting. <ul style="list-style-type: none"> · Revise survey content in light of social trends and conduct regular investigations. Based on results, carry out TAIWA with key suppliers and International NGOs. 	<ul style="list-style-type: none"> ● Conducted supplier survey relating to conflict minerals. ● Improved effectiveness of CSR Procurement Criteria. <ul style="list-style-type: none"> · Conducted compliance survey of suppliers and subcontracted manufacturers. · Engaged in TAIWA with main suppliers and WWF Japan. · Used e-learning on a trial basis to orient subcontracted manufacturers. · Revised procurement criteria in light of international trends. ● Improved effectiveness of Group Guidelines for Procurement of Paper for Printing and Converting. <ul style="list-style-type: none"> · Conducted regular surveys and engaged in TAIWA with main suppliers. Obtained written confirmation of guideline conformance · Engaged in TAIWA with WWF Japan. 	○	<ul style="list-style-type: none"> ● Conduct and announce results of supplier survey relating to conflict minerals. ● CSR Procurement Guidelines <ul style="list-style-type: none"> · Carry out compliance survey and engage in TAIWA with key suppliers. · Expand the number of manufacturing subcontractors subject to the survey. · Reinforce CSR Procurement activities at international business locations. ● Guidelines for Procurement of Paper for Printing and Converting <ul style="list-style-type: none"> · Engage in TAIWA with key suppliers and confirm guideline conformance.
	Social Contribution as a Good Corporate Citizen	Expand the impact of social contribution activities to facilitate realization of a sustainable society <ul style="list-style-type: none"> ● Promote the five activity themes of the DNP Social Contribution Activities Policy (through FY2019). <ul style="list-style-type: none"> · Group programs: 2.5% employee participation rate (1,000). · Location-specific programs: 100% implementation rate. 	<ul style="list-style-type: none"> ● Enhance Group programs to promote changes in employee awareness. <ul style="list-style-type: none"> · Number of participants: 200 in single fiscal year, cumulative total of 350 from FY2015. · Continue expanding Group programs to locations throughout Japan. ● Consider a system for compiling and sharing Group activity results, and conduct a results survey. 	<ul style="list-style-type: none"> ● Group programs: <ul style="list-style-type: none"> · Participating employees: 243, cumulative total of 374. · Locations implementing first time: 4. ● Added information gathering function relating to social contribution activities to in-house environmental management system; surveyed status of activities at all locations. 	○	<ul style="list-style-type: none"> ● Enhance Group programs: <ul style="list-style-type: none"> · Number of participants: 200 in single fiscal year, cumulative total of 574. · Continue expanding Group programs to locations throughout Japan. ● Monitor and analyze business division and Group company activities, and formulate a strategy and framework to strengthen activities in FY2018 and beyond.
Responsibility #3	Proper Disclosure of Information	Enhance corporate transparency and reinforce DNP's position as a company trusted by the public by providing stakeholders with the timely, appropriate information they need.	<ul style="list-style-type: none"> ● Raise information disclosure to the level demanded by society, compare current status with level to be achieved, and ascertain issues. 	<ul style="list-style-type: none"> ● Through survey results, including surveys carried out at IR/CSR meetings and surveys concerning socially responsible investing (SRI), we sorted issues to be met in the area of expected information disclosure, and examined the future direction of the information to be disclosed. 	○	<ul style="list-style-type: none"> ● Make appropriate, timely disclosure of positive and negative social impacts from our business activities. ● Prepare for disclosure of combined financial and non-financial information relating to our value creation process.

FY2016 (Apr. '16–Mar. '17) Environmental Activity Annual Targets and Results

CSR Theme	Environmental Theme	Targets through FY2020 (Apr. '20–Mar. '21)	Results	Evaluation	
Responsibility #2	Environmental Conservation and the Realization of a Sustainable Society	Global warming prevention	Reduce greenhouse gas emissions by 10% over FY2005, by 20% in FY2030 (including international locations).	FY2005 emissions: 1.110 million tons FY2016 emissions: 0.929 million tons 16.3% decrease over FY2005	◎
		Reduction of environmental impact incurred during transport	Reduce per-unit fuel use for transport by 1% per annum and 10% compared to FY2010.	FY2010 per-unit: 1.61 kl/100 million yen FY2016 per-unit: 1.48 kl/100 million yen 8.1% decrease over FY2010	○
		VOCs (Volatile Organic Compounds)	Reduce emissions of all VOCs (except for methane) by 35% compared to FY2010.	FY2010 emissions: 6,729 tons FY2016 emissions: 4,141 tons 38.5% decrease over FY2010	◎
			Comply with local laws and regulations and introduce technology and other measures to reduce, as much as practical, VOC emissions at our international business sites.	Maintained operation of VOC recovery equipment at PT DNP Indonesia's Karawang Plant.	○
		Reduction of industrial waste	Reduce per-unit waste emissions (waste emissions/production) by 20% worldwide from FY2010.	FY2010 per-unit: 0.424 tons/10 million yen FY2016 per-unit: 0.349 tons/10 million yen 18% decrease over FY2010	◎
			Maintain zero emissions at all DNP Group sites in Japan.	FY2015 landfill waste rate: 0.06% FY2016 landfill waste rate: 0.05% Maintained zero emissions	◎
		Reduction of water usage	Reduce per-unit water use by 25% over FY2010 worldwide.	FY2010 per-unit use: 10.8 m ³ /million yen FY2016 per-unit use: 8.2 m ³ /million yen 24% decrease over FY2010	◎
		Development and sales of environmentally conscious products and services	Achieve 600 billion yen in sales of environmentally conscious products and services.	FY2015 total sales: 570.8 billion yen FY2016 total sales: 589.8 billion yen 3.3% increase over FY2015	○
		Environmental conservation	Maintain the maximum concentration of air emissions subject to emissions regulations at 70% of the required standard or less.	FY2016 target (company standard) achievement rate: 99%	○
			Maintain the maximum concentration of water emissions subject to emissions regulations at 70% of the required standard or less.	FY2016 target (company standard) achievement rate: 98%	○
Maintain the maximum concentration of odors at our site perimeters at 70% of the required standard or less.	FY2016 target (company standard) achievement rate: 98%		○		
Maintain the maximum level of noise at our site perimeters at 70% of the required standard or less.	FY2016 target (company standard) achievement rate: 99%		○		
Office environment	Increase the rate of the fractional recovery of waste paper to more than 70% of that for general waste.	Maintain the maximum level of vibration at our site perimeters at 70% of the required standard or less.	FY2016 target (company standard) achievement rate: 100%	◎	
		FY2016 recovery of waste paper: 83.1%	◎		

Detailed information is provided in our Environmental Report



DNP Group Environmental Report 2017 (PDF)
<http://www.dnp.co.jp/eng/csr/>

Third-Party Opinion

CSR Review Forum Japan



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Supervising Reviewer,
CSR Review Forum Japan



Kaori Kuroda
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Yukiko Furutani
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Yoko Doi
Deputy Director,
Fundraising Dept.
Amnesty International Japan

On July 11, 2017, we engaged in discussion with the staff of DNP's CSR and Environmental Department predominantly on the two points below, and afterward we reviewed the CSR Report. Following is a summary of the opinions expressed during the discussion.

1. Meeting social challenges through core business activities, and making disclosure
2. CSR procurement progress

1. Summary Opinions Concerning the CSR Report

The first half of the report deals with the ways in which DNP is contributing to meeting social challenges through its business activities. In particular, the first special feature explains how the company's targeted directions align with those of global society. In the second half, DNP profiles what management is doing. I believe this is an excellent report, both in terms of a social statement and as an example of internally directed messaging.

With respect to concrete activities, DNP lays out 11 Principal Themes and arranges them in chapters, which makes them easy for readers to follow. Especially with respect to the current status of their activities, the reader can see how they are carrying out CSR procurement, which is an important social obligation for enterprises today.

2. Meeting Social Challenges through Core Business Operations

It is clear from the reports that making SDGs the company's goal provides a path to realizing sustainability. The way they are promulgating this both internally and externally shows that SDGs will be DNP Group policy going forward, and the basis for their decision-making.

Moving forward, however, with respect to the business activities they have chosen to reach these SDGs, it will be important to disclose to what degree they are currently practicing the activity, which challenges they may be encountering, and how effective the activity is proving.

As it was pointed out last year, it will be difficult for DNP to realize sustainability in its business operations unless it has discussions within each of its divisions and with large numbers of employees regarding such questions as: What are the critical challenges facing society? What can DNP do to help meet these challenges? How can they develop businesses to do so? We look forward to seeing the fruits of these discussions in next year's report.

The four cases spotlighted in the second special feature are all related to Knowledge and Communication; however, since DNP is engaged in so many businesses relating to knowledge and communication in society, we had the impression that perhaps there were others offering more

direct solutions to social challenges.

Perhaps it would be useful to, for example, solicit internal input to select the business activities to be highlighted in the report, from the perspective of meeting social challenges.

Moreover, the goal of individual SDGs is linked to a wide range of human rights. We look forward to a report that draws connections between activities by the DNP Group that respect human rights, such as CSR procurement, and business activities to meet social challenges that are based on SDG concepts, and how these parallel categories of activity relate to each other.

3. CSR Procurement

Society's environmental challenges are concentrated in the origins of procured materials. We are very pleased to see revised procurement guidelines that address existing challenges.

Going forward, while it may be difficult, the DNP Group must closely investigate suppliers to solve existing challenges. As previously discussed, when surveying suppliers, it might be a more effective way to meet these challenges if suppliers were chosen based on location, industry, and business type, or where social and environmental risk appear high, and to engage in *TAMA* with them and survey them meticulously, rather than choosing suppliers to survey based on volume of materials procurement.

This approach would greatly increase the burden on those responsible for procurement, and would probably require them to revise their operational organization, but we hope that procurement departments can collaborate internally with the CSR department to implement the needed action.

4. The DNP Group's Environmental Activities

Judging from the separately-issued Environmental Report, the DNP Group's activities to lower its environmental impact is excellent. Through their well-practiced PDCA management system, they are steadily reducing their impact. According to the Scope 3 disclosure in last year's Environmental Report, 63% of greenhouse gas emissions in the entire value chain are from the DNP Group's upstream emissions. The effort taken to assess the status of these emissions is praiseworthy.

However, the weight of efforts to reduce environmental impact should be allocated according to the results of these status assessment efforts. Environmental impact and social impact are linked, and we look forward to seeing effective efforts based on Scope 3 data.

A Message from the CSR-Environment Committee Chairman



Satoru Inoue
CSR-Environment Committee Chairman,
Managing Director

When I learned of the Sustainable Development Goals adopted by the UN in 2015 and considered how DNP might contribute to their achievement, it seemed to me that it would be necessary for us to work steadily to fulfill three responsibilities: to provide new value to society; practice fairness and impartiality in value creation processes; and be a company that is accountable and highly transparent. As the entire DNP Group faces the numerous social challenges indicated by the SDGs, etc. and works to create businesses, products, and services that contribute to meeting those challenges, it will also work to ensure that the creation processes do not impose a burden on society.

In this year's CSR Report, we looked back on the history of 140 years of delivering value to society, keeping in mind the importance of not imposing a burden on society through the creation processes. As we looked back, we considered how our accumulated strengths could be leveraged to continue delivering value into the future. We touched on this in the first half of the report, "Today's Innovation is Tomorrow's

Basic". At the same time, in the latter half of the report, we presented cases showing how our awareness of social challenges is shaping the way we conduct business.

We highly value the comments we receive from the members of the CSR Review Forum regarding our efforts, both through discussion and written opinions. I would like to thank them again for their input, which indicates that we are making a clear distinction in our report between the goals to meet the challenges facing the world and the directions our businesses are taking, and that in our business process, we are engaging with the problems of raw materials procurement and climate change in a manner that directly faces the challenges these represent for society. We also received a recommendation to further demonstrate, through our business activities, our capabilities for meeting the profound challenges facing society. We will continue to take this valuable input into account sincerely, along with opinions we receive from our stakeholders, to become a company that can make contributions to society.

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