

Third-Party Opinion

CSR Review Forum Japan



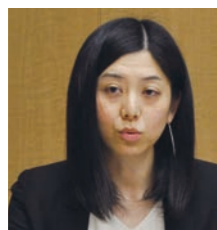
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On July 11, 2017, we engaged in discussion with the staff of DNP's CSR and Environmental Department predominantly on the two points below, and afterward we reviewed the CSR Report. Following is a summary of the opinions expressed during the discussion.

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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