DNP Group CSR Report 2017

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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)

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.

DNP Corporate Site
http://www.dnp.co.jp/eng/

Financial and non-financial information to meet stakeholder needs is provided in an easy-to-understand format via a range of media.

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

Number of Employees: 38,808 (Consolidated)
Group Companies: 114,464 million
Financial Date: FY ending March 31, 2017
Net Sales: ¥1,410.1 billion (down 3.1% year-on-year)
Operating Income: ¥31.4 billion (down 30.3% 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)

Information Communication
Publishing, commercial printing, smart cards, network business, imaging communication, etc.

Lifestyle and Industrial Supplies
Packaging, interior and exterior materials for houses, industrial supplies, etc.

Electronics
Display components, electronic devices, optical film, etc.

Beverages
Soda, sports drinks, beverages

About the Cover Design
Our cover for this year’s report conveys DNP’s commitment to offering a wide range of “pleasures” 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.

DNP’s commitment to offering a wide range of “pleasures” for society and the environment, under our corporate philosophy, “connecting individuals and society, and providing new value.”

Establishing Principal Themes

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Respect for Human Dignity and Diversity

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Realization of a Safe and Vibrant Workplace

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Ensuring the Safety and Quality of Our Products and Services

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Promoting Social Responsibility through the Supply Chain

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

Corporate Profile

http://www.dnp.co.jp/csr/enquete/ (Japanese only)

Information about social responsibility

DNP information database for presenting financial and non-financial information
http://www.dnp.co.jp/csr/enquete/ (Japanese only)

Annual Reports (PDF)

DNP’s commitment to offering a wide range of “pleasures” for society and the environment, under our corporate philosophy, “connecting individuals and society, and providing new value.”
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 participation, and selecting business areas where we believe that DNP has a human and technological strength to create new value.

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 clean-up 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 workplace innovation, diversity, and realization of a healthy and lively workplace.

Furthermore, at the 26th Grand Prize for the Global Environment Award, hosted by the Fujisankai 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 to be an enterprise trusted by society, DNP is committed to fulfilling three important obligations: value creation, integrity in conduct, and transparency (accountability).

1. Three Corporate Responsibilities
   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. Three Corporate Responsibilities
   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. Three Corporate Responsibilities
   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.
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.

Value Creation in Step with Society

A History of Creating Today’s Standards, by DNP

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.

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.

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

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

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

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

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.

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.
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.

Sustainable Society*

By combining the DNP Group’s various strengths with outside ideas, we will create new value that generates enterprise growth and addresses social challenges.

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.

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

Sustainable Development Goals

© DNP 2015-2016
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

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.
The Tokyo 2020 Games as a major example of sustainability

Kaori Kuroda: A major trend toward sustainability 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 sustainable events. As Ms. Kuroda mentioned, the adoption of the Agenda at the UN Sustainable Development Summit. The Agenda calls for including sustainability among the 40 recommendations contained in Agenda 2020. One of these recommendations is for an action to promote sustainable development. The Agenda gives sustainability a central role in the Olympic Games Tokyo 1964, with poster and ticket printing. Today, printing technology has advanced to an unimaginable degree, 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. We are using such 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 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 pursing 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.

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, 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. We have been promoting efforts in this direction for a long time. We established Group Guidelines for Procurement of Paper and Printing 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 features as personal data protection and counterfeiting prevention. As the IOC has stressed, we all have a responsibility to society to reduce our impact on the environment, and 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.”

"Today’s Innovation is Tomorrow’s Basic"
“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 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 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 it to a wider 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.

Kuroja: 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 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 viewpoints. 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...
Today’s Innovation is Tomorrow’s Basic

Special Dialogue

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.

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 Principles 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 Jitsueik, 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.

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 “hontob”, 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.

Regional co-creation through the

Focus on Cases

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 Principles 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 Jitsueik, 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.

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 “hontob”, 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.
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.

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, like those embedded in ATM cards and smartphone SIMs, 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.

How IoST protects data sent to and from things

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.

Richer lifestyles with diversified, secure settlement services

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.

IoST platform and IoT services

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 widening 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.

Diversified settlement services based on security technology

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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.

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.
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.
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.

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 broader base of expertise and is proving highly effective.

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 in-silico 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.

In addition, DNP is a member of the Nippon CSIRT Association, which facilitates information sharing and collaboration across enterprise boundaries. Through the activities, we will undertake to further reinforce our security, detect incidents immediately, and respond rapidly to mitigate the escalating threat of cyber attacks.
TOPICS

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.

TARGETS & RESULTS

Mid- to Long-Range Target

For the entire DNP Group, including international companies:
- Reduce greenhouse gas emissions by 20% worldwide compared to FY2005 by FY2020.
- Reduce greenhouse gas emissions by 10% worldwide compared to FY2005 by FY2020.

For the entire DNP Group, including international companies:

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.

Report on Activities under Each Principal Theme

CSR Activities at DNP

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.

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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 conformance with the global environment, and aiming to help build a sustainable society.

Effect of DNP lighting film on energy consumption

*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.
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.

Target Enhance corporate transparency and reinforce DNP’s position as a company trusted by all stakeholders, focusing on internal disclosure as the basis of information disclosure.

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.

FY2016 Results

- Number of Group program participants: 243, cumulative total of 374.
- Locations implementing first time: 4

FY2016 Targets

- Number of: 200 in single fiscal year, cumulative total of 350 from FY2015.
- Group programs: 2.5% employee participation rate in FY2016.
- Location-specific programs: 100% implementation rate.

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 facilitate 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 24 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.
Compliance with the Law and Social Ethics

In carrying out our 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 proper, free, competitive markets. We are working to incultate and firmly establish corporate ethics and respect for laws and regulations throughout the Group to maintain and enhance DNP’s relationship with society.

TARGETS & RESULTS

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

COMPANY

CSR Activities at DNP

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.”

Corporate Ethics Training and similar efforts.

Disseminate and inculcate DNP’s corporate ethics, and enhance the effectiveness of internal controls and risk management.

- Continue to implement Autonomous Corporate Ethics Training and similar efforts.
- Analyze and assess risk at all international business locations and promote risk mitigation measures.
- Formulate disaster preparedness plans for the Group.
- 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.

- Ongoing implementation of Autonomous Corporate Ethics Training and level-based training.
- Based on analysis of 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.

- Continue to implement Autonomous Corporate Ethics Training and similar efforts.
- Analyze and assess risk at all international locations implementing risk response.
- Formulate and disseminate a basic policy, etc., for corruption prevention, and ensure compliance.

TARGETS & RESULTS

Mid-Range

FY2017

FY2016

FY2015

FY2014

FY2013

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

Development of a System for Business Continuity

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, tornadoes, 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 learning 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.

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 of emergency, and take appropriate countermeasures to effect prompt recovery if an unexpected event occurs that affects our corporate continuity.

CSR Activities at DNP

Report on Activities under Each Principal Theme

Disaster

Disaster

Strengthening broad-based disaster preparedness

Development of a System for Business Continuity

Strengthening Disaster Resilience
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<td><strong>Progress in relation to growth and performance</strong></td>
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<tr>
<td><strong>Strengthen the DNP Group’s ability to respond to various other disasters</strong></td>
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<td><strong>Develop capability for an early grasp of issues for people and society, create new products and services to provide new value, and contribute to social development.</strong></td>
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<td><strong>Establish an environment conducive to overseas expansion.</strong></td>
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<tr>
<td><strong>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.</strong></td>
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<td><strong>Encourage diversity in employment;</strong></td>
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<td><strong>Greater participation by women</strong></td>
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<td><strong>Employment for people with disabilities</strong></td>
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<td><strong>Greater participation by contracted workers</strong></td>
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<td><strong>Employment of non-Japanese citizens</strong></td>
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## CSR Management Report

### Responsibility #2

<table>
<thead>
<tr>
<th>Theme</th>
<th>Mid-Range Target</th>
<th>Annual Targets</th>
<th>Results</th>
<th>Evaluation Targets</th>
<th>FY2017 (Apr.’17-Mar.’18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance development of an in-house workforce able to make contributions to the global community.</td>
<td>• Continuous employee training in cross-cultural understanding and respect for diversity.</td>
<td>• Continuous such programs as cross-cultural management, cross-cultural understanding, and global communication.</td>
<td>• Planned in-house workforce development training for junior employees.</td>
<td>• Utilized global training system to allow younger employees to gain international experience. Dispatched four employees to North America and Southeast Asia.</td>
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<tr>
<td>Help alleviate poverty for producers in developing nations.</td>
<td>• Expand the use of fair-trade-certified products to DNP locations nationwide, and raise awareness within the company.</td>
<td>• Expanded Fairtrade Month Campaign at 28 employee cafeterias nationwide; sold fair-trade-certified products in collaboration with partner companies.</td>
<td>• 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.</td>
<td>• Expand internal consumption of fair-trade-certified products. Sell 150,000 cups of coffee annually. Expand number of certified products sold internally.</td>
<td>○</td>
</tr>
<tr>
<td>Develop personnel to drive the fulfillment of our Corporate Philosophy.</td>
<td>• Implement a management and evaluation system and align organizational and individual goals.</td>
<td>• Implemented goal management and evaluation system, and revised the merit rating system to enable more appropriate personnel reviews.</td>
<td>• 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.</td>
<td>• Encourage understanding and use of new goal management system and merit rating system.</td>
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<tr>
<td>Offer workplace 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 improved, high-performance company.</td>
<td>• Continue activities in each organization based on plans to realize workplace style innovation.</td>
<td>• Continue activities in each organization based on plans to realize workplace style innovation.</td>
<td>• Conducted progress survey of workplace style innovation; implemented improvements based on the results, as well as further encouragement measures.</td>
<td>• Continue activities in each organization based on plans to realize workplace style innovation.</td>
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<tr>
<td>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 workplace health.</td>
<td>• 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 and guidance.</td>
<td>• Promotes mental health measures based on the results of organization analysis of the FY2015 survey.</td>
<td>• Promoted mental health measures based on the results of organization analysis of the FY2015 survey.</td>
<td>• Encourage understanding and use of new goal management system and merit rating system.</td>
<td>○</td>
</tr>
<tr>
<td>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.</td>
<td>• Continue Product Safety Innovation Practices Committee meetings; check and improve operational flow. Enhance product safety management at international manufacturing sites and prevent product accidents.</td>
<td>• Held Product Safety Innovation Practices Committee meetings (four meetings), to verify and improve operational flow. Created English-language product safety inspection materials for international production locations, and enhanced training for local staff.</td>
<td>• Continue inter-departmental Frontline Practices Committees meetings.</td>
<td>• Continue activities in each organization based on plans to realize workplace style innovation.</td>
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<tr>
<td>Aim for strong information security and efficient, high-productive work. Responed to globalisation, extend DNP’s information security management protocol to every country in which it operates, in accordance with local rules and regulations.</td>
<td>• Continue introduction of thin client PCs to make it possible to conduct business securely anywhere, inside or outside of the company.</td>
<td>• Continue introduction of thin client PCs to make it possible to conduct business securely anywhere, inside or outside of the company.</td>
<td>• Continue introduction of thin client PCs to make it possible to conduct business securely anywhere, inside or outside of the company.</td>
<td>• Continue activities in each organization based on plans to realize workplace style innovation.</td>
<td>○</td>
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<tr>
<td>Expand information security risks and take proper measures. Promote protection of personal data.</td>
<td>• Expand educational tools to cover various languages and provide training aimed at promoting information security management at international management level.</td>
<td>• Promoted adoption of thin client PCs (cumulative total of 4,414 terminals).</td>
<td>• Created Introduction to Information Security 2016 educational tool in nine languages.</td>
<td>• Created Introduction to Information Security 2016 educational tool in nine languages.</td>
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### Evaluation Targets

- Target achieved or making steady progress toward target
- Efforts to be continued in the next fiscal year as target not yet achieved
- Efforts insufficient
## FY2016 (Apr. ‘16–Mar. ’17) Environmental Activity Annual Targets and Results

<table>
<thead>
<tr>
<th>CSR Theme</th>
<th>Annual Targets</th>
<th>Evaluation FY2017 (Apr. ’17–Mar. ’18)</th>
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</thead>
<tbody>
<tr>
<td>Reduce per-unit use for transport by 1% per annum and 10% compared to FY2015</td>
<td>FY2016 target: 0.827 million yen</td>
<td>Attained (FY2016: 0.827 million yen)</td>
</tr>
<tr>
<td>Reduce per-unit use for water by 25% over FY2010 worldwide.</td>
<td>FY2016 target: 20.9 m²/million yen</td>
<td>Attained (FY2016: 20.9 m²/million yen)</td>
</tr>
<tr>
<td>Achieve 600 billion yen in sales of environmentally conscious products and services</td>
<td>FY2016 target: 570.8 billion yen</td>
<td>Attained (FY2016: 570.8 billion yen)</td>
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<tr>
<td>16.3% decrease over FY2005</td>
<td>8.1% decrease over FY2010</td>
<td>3.3% increase over FY2015</td>
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</table>
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

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.

Moving forward, however, with respect to the business activities they have chosen to reach these SDGs, it will be difficult for DNP to realize sustainability. The effort taken to assess the environmental impact is excellent. Through their well-practiced FSC 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.

2. 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 is high, and to engage in TWSA™ 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.

3. 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 FSC 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.

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.

4. The DNP Group’s Environmental Activities

The Japanese print edition of the DNP Group CSR Report 2017 has been certified with the following marks as a print document showing consideration for the environment and universal design.

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 took this look, 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 that meet the challenges facing the world and the directions our businesses are taking. As 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 very seriously, and work with our stakeholders to contribute, simultaneously, along with opinions we receive from our stakeholders, to become a company that can make contributions to society.

A Message from the CSR-Environment Committee Chairman

Satoru Inoue
CSR Environment Committee Chairman, Managing Director

The three special features are 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.