



Corporate Governance

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Corporate Governance

"DNP" refers to Dai Nippon Printing Co., Ltd. in this section.

1 Corporate Governance

■ Fundamental Philosophy

DNP has established a management concept of contributing to the emergently evolving society of the 21st century, and recognizes that fulfilling its corporate responsibilities to society as a Group and being trusted by its shareholders, customers, consumers, employees and other stakeholders is critical to improving the competitiveness of the Group. Toward this end, we regard corporate governance as a top management priority. We have strived to establish and manage an organizational structure that allows for precise managerial decision-making, prompt and appropriate execution based on the decisions made, and proper supervision and surveillance; strengthen education and training to improve each employee's awareness of compliance issues; and enhance our overall corporate governance.

■ Progress on Corporate Governance Measures

(1) Corporate governance structure

DNP's organization is designed to allow the directors with specialized expertise and experience in a wide range of business fields to participate in management decisions, to take responsibility and authority as they execute their work, and to supervise the work of other directors. Also, so as to promptly make precise management decisions, smoothly act based on the decisions, and further strengthen proper supervisory functions, independent directors participate in decision making, and corporate officers named by the Board of Directors execute the decisions made by the Board of Directors, and have the responsibility and authority to decide upon and carry out those matters delegated by the Board. Working in close communication with the directors and in close proximity to the workplace, their function is to ensure that the views of those on the front lines are reflected in management.

The term of office for the directors is one year, in order to have more flexibility to construct a management system best suited to responding to the business environment; and to further clarify management responsibility for each fiscal year.

The Board of Directors consists of 20 directors including one independent outside director. In principle, the Board meets once a month. Based on the Company's Board of Directors Regulations, the directors ensure that operations are appropriately run and mutually supervise day-to-day operations. The directors and corporate officers hold executive committee meetings three times a month to exchange information that is helpful for efficient decision

making. To speed up the Company's activities and make them more efficient, DNP has also established a Management Committee consisting of directors at the senior managing director level and above. The committee meets once a month, in principle, to review and discuss management policies, strategies, and important business matters.

DNP has in place a Board of Statutory Auditors that consists of five auditors, including one auditor with considerable knowledge of finance and accounting and three outside auditors. In accordance with auditors' prescribed audit criteria and responsibilities, the statutory auditors conduct audits of the directors' management of day-to-day operations and, as necessary, seek information from the directors and employees regarding business operations.

With such a corporate governance structure, the Board of Directors can make appropriate decisions efficiently.

(2) Internal controls and auditor's auditing

In order to maintain a structure that allows for precise management decision-making, appropriate and prompt execution of business, and inspection and monitoring of these functions, the Corporate Ethics Committee, as the body in charge of internal control, inspects and guides DNP's operating units according to the DNP Group's Basic Compliance Management Regulations, and regularly reports to auditors on management conditions.

In addition, the Auditing Department (consisting of 17 employees) ensures the propriety of operations by conducting accounting and operational audits based on internal audit regulations and by providing progress reports to the statutory auditors and the accounting auditor.

The statutory auditors hold regular meetings of the Board of Statutory Auditors, work with other statutory auditors to perform their audit duties, and closely cooperate with the accounting auditors by receiving from them an explanation of the audit plan at the start of the fiscal year, assessing audit operations during the fiscal year as appropriate, and receiving a report of audit results at the end of the fiscal year.

The names of the certified public accountants who performed the accounting audits, the audit firms they are employed by, and their assistants in the audit work are as follows:

outside statutory auditors is to enhance the propriety of accounting and operational audits and to supervise management.

DNP does not have any standards of independence for appointing outside directors and outside statutory auditors, but to avoid conflicts of interest with general shareholders, it references the standards of independence for independent officers as stipulated by financial instruments exchanges.

Outside director Tadao Tsukada is designated as an independent officer and can apply his expertise as an academic to the business activities of DNP and participate in management decision making from an objective standpoint as an outside director. Mr. Tsukada owns 2,000 shares of DNP stock. Mr. Tsukada was a professor at Meiji University. DNP contributes to support the research of Meiji University and is contracted by Meiji University to produce printed material and other items. However, in light of the limited scale and nature of this business and the limited frequency and amount of these contributions, DNP believes that independence is not affected and that there is no risk of affecting the decisions of shareholders and investors.

Outside statutory auditor Shin-ichi Ikeda is designated as an independent officer and can help bolster auditing based on a broad knowledge gained from business experience at other companies. Mr. Ikeda owns 2,000 shares of DNP stock. Mr. Ikeda was previously employed at The Dai-ichi Life Insurance Co., Ltd. DNP is contracted by The Dai-ichi Life Insurance Co., Ltd. to produce printed material and other items, but in light of the scale and nature of this business, DNP believes that independence is not affected and that there is no risk of affecting the decisions of shareholders and investors.

Outside statutory auditor Makoto Matsuura is designated as an independent officer and can help bolster auditing based on legal expertise as an attorney. Mr. Matsuura was previously affiliated with the National Offenders Rehabilitation Commission, and although DNP does business with the Japanese government, it does not have a business relationship with the commission and Mr. Matsuura does not have any direct interests. Consequently, DNP believes that independence is not affected and that there is no risk of affecting the decisions of shareholders and investors.

Outside statutory auditor Kuniaki Nomura can help bolster auditing based on legal expertise as an attorney. DNP pays advisory and other fees to a law firm to which Mr. Nomura previously belonged (currently, Yanagida & Partners), but as Mr. Nomura does not have any direct interests and in light of the nature of this business, DNP believes that there is no risk of affecting the decisions of shareholders and investors.

DNP and its outside director and outside statutory auditors have concluded agreements that limit the director

and auditors' liability for damages within the parameters set forth in Article 423, Paragraph 1 of Japan's Companies Act, so long as they execute their duties in good faith and without serious negligence.

(7) Number of directors

DNP's Articles of Incorporation specify that the number of regular members on the Board of Directors shall be no more than 20.

(8) Requirements for shareholder approval of director nominees

DNP's Articles of Incorporation specify that the approval of director nominees requires the attendance of at least one third of shareholders with voting rights and a majority of the votes of these shareholders, and does not depend on cumulative votes.

(9) Matters to be resolved at the meeting of shareholders that can be resolved by the Board of Directors

1) Share buybacks

DNP's Articles of Incorporation specify that the Company may buy back its shares in the open market, in accordance with Article 165, Paragraph 1 of Japan's Companies Act, upon approval by the Board of Directors, in accordance with Article 165, Paragraph 2 of Japan's Companies Act, to allow the Company to use capital more efficiently and implement a flexible capital structure policy in response to changes in business conditions.

2) Exemption of directors from liability

DNP's Articles of Incorporation specify that directors (including former directors) may, by a resolution of the Board of Directors, in accordance with Article 426, Paragraph 1 of Japan's Companies Act, be exempted from liabilities in Article 423, Paragraph 1 of Japan's Companies Act so that the directors can sufficiently carry out their expected responsibilities.

3) Exemption of auditors from liability

DNP's Articles of Incorporation specify that statutory auditors (including former statutory auditors) may, by a resolution of the Board of Directors, in accordance with Article 426, Paragraph 1 of Japan's Companies Act, be exempted from liabilities in Article 423, Paragraph 1 of Japan's Companies Act so that the statutory auditors can sufficiently carry out their expected responsibilities.

4) Interim dividend

DNP's Articles of Incorporation specify that the Company may, by a resolution of the Board of Directors, pay a monetary dividend stipulated in Article 454, Paragraph 5 of

Japan's Companies Act to shareholders of record as of September 30 of each year and shareholders with actual stock certificates, so that profits can be flexibly passed on to shareholders.

special resolutions stipulated in Article 309, Paragraph 2 of Japan's Companies Act requires the attendance of at least one third of shareholders with voting rights and at least two thirds of the votes of these shareholders, so that the shareholders' meetings can run smoothly.

(10) Requirements for shareholder approval of special resolutions

DNP's Articles of Incorporation specify that the approval of

■ Compensation Paid to Directors and Statutory Auditors

(1) Total compensation paid by DNP, by category of director/statutory auditor, total compensation by type, and the number of directors and statutory auditors covered

Category of director/ statutory auditor	Total compensation (¥ million)	Total compensation by type (¥ million)		Number of directors and statutory auditors covered
		Base compensation	Bonus	
Directors (excluding outside directors)	1,397	1,247	150	23
Statutory auditors (excluding outside auditors)	77	77	–	3
Outside directors and auditors	89	89	–	6

Notes: 1. Bonuses are provisions for bonuses for directors and statutory auditors for the fiscal year.
2. There were 19 internal directors, two internal statutory auditors, one outside director and three outside auditors as of the end of the fiscal year.

(2) Company directors and total compensation

Name (director type)	Total compensation (¥ million)	Company	Total compensation by type (¥ million)	
			Base compensation	Bonus
Yoshitoshi Kitajima (Director)	287	Dai Nippon Printing Co., Ltd.	266	21
Koichi Takanami (Director)	122	Dai Nippon Printing Co., Ltd.	110	11
Satoshi Saruwatari (Director)	121	Dai Nippon Printing Co., Ltd.	109	11
Masayoshi Yamada (Director)	122	Dai Nippon Printing Co., Ltd.	110	11

Notes: 1. Total compensation is shown only for those with compensation of at least 100 million yen.
2. Bonuses of Dai Nippon Printing Co., Ltd. are the amounts expected to be paid as bonuses for the current fiscal year.

(3) Policies regarding the determination of compensation for directors and statutory auditors

Compensation for directors is calculated within the limits on directors' compensation approved by shareholders at a general meeting, reviewed and discussed by the Management Committee, and deliberated and decided on by the Board of Directors.

Compensation for each director is determined based on a broad range of factors, including the operations they are in charge of, their responsibilities, achievements, and contributions.

Compensation for statutory auditors is calculated within the limits on statutory auditors' compensation, and the compensation of each statutory auditor is determined based on discussions with the statutory auditor.

■ Stockholdings

(1) Stocks held for reasons other than for pure investment purposes

No. of stocks: 424

Total on the balance sheet: 115,632 million yen

(2) Holding category, company name, number of shares, amount recorded on the balance sheet, and holding purpose of stocks held for reasons other than for pure investment purposes

(Previous fiscal year)

Stocks held for reasons other than pure investment purposes

Company name	Number of shares	Amount recorded on balance sheet (¥ million)	Holding purpose
The Dai-ichi Life Insurance Co., Ltd.	66,066	8,291	Enhance business relationship
Terumo Corporation	1,081,000	4,740	Enhance business relationship
Taisho Pharmaceutical Co., Ltd.	2,309,000	4,156	Enhance business relationship
Mizuho Financial Group, Inc.	25,385,680	3,503	Enhance business relationship
Ezaki Glico Co., Ltd.	3,218,348	3,108	Enhance business relationship
Nissin Foods Holdings Co., Ltd.	898,711	2,635	Enhance business relationship
Asahi Breweries, Ltd.	1,860,029	2,572	Enhance business relationship
Yamato Holdings Co., Ltd.	1,660,600	2,142	Enhance business relationship
Mitsubishi Chemical Holdings Corporation	3,598,790	1,882	Strengthen business alliance
Toshiba Corporation	4,547,000	1,850	Strengthen business alliance
Fujifilm Holdings Corporation	685,965	1,767	Enhance business relationship
Toyo Suisan Kaisha, Ltd.	794,980	1,435	Enhance business relationship
Aica Kogyo Co., Ltd.	1,293,743	1,410	Enhance business relationship
ROHM Co., Ltd.	265,706	1,384	Enhance business relationship
NuFlare Technology, Inc.	10,000	1,355	Strengthen business alliance
Lion Corporation	3,140,665	1,328	Enhance business relationship
NSK Ltd.	1,814,000	1,300	Strengthen business alliance
Mitsubishi Electric Corporation	1,300,000	1,276	Enhance business relationship
SMK Corporation	3,200,000	1,235	Enhance business relationship
Nippon Steel Corporation	4,594,768	1,222	Strengthen business alliance
Sapporo Holdings Limited	3,796,388	1,176	Enhance business relationship
Shiseido Co., Ltd.	677,619	975	Enhance business relationship
Kurita Water Industries Ltd.	387,000	951	Strengthen business alliance
Meiji Holdings Co., Ltd.	282,200	943	Enhance business relationship
Ushio Inc.	572,957	932	Strengthen business alliance
Sinfonia Technology Co., Ltd.	3,664,000	923	Strengthen business alliance

Stocks held in trust or other legal entity while retaining voting rights or voting instruction rights

Company name	Number of shares	Amount recorded on balance sheet (¥ million)	Holding purpose
Terumo Corporation	1,930,500	8,465	Hold voting instruction rights for shares in retirement benefit trust
TV Asahi Corporation	40,300	5,234	Hold voting instruction rights for shares in retirement benefit trust
Astellas Pharma Inc.	913,770	2,814	Hold voting instruction rights for shares in retirement benefit trust
Japan Tobacco Inc.	5,000	1,502	Hold voting instruction rights for shares in retirement benefit trust

Note: Specified stocks and stocks held in trust with voting rights are not added together when selecting stocks with the largest amounts as recorded in the balance sheet.

(Current fiscal year)**Stocks held for reasons other than pure investment purposes**

Company name	Number of shares	Amount recorded on balance sheet (¥ million)	Holding purpose
The Dai-ichi Life Insurance Co., Ltd.	66,066	7,551	Enhance business relationship
NuFlare Technology, Inc.	10,000	4,870	Strengthen business alliance
Taisho Pharmaceutical Co., Ltd.	692,700	4,648	Enhance business relationship
Terumo Corporation	1,101,000	4,354	Enhance business relationship
Mizuho Financial Group, Inc.	27,134,319	3,663	Enhance business relationship
Asahi Breweries, Ltd.	1,860,029	3,409	Enhance business relationship
Ezaki Glico Co., Ltd.	3,221,314	3,198	Enhance business relationship
Nissin Foods Holdings Co., Ltd.	898,711	2,781	Enhance business relationship
Yamato Holdings Co., Ltd.	1,660,600	2,123	Enhance business relationship
Toyo Suisan Kaisha, Ltd.	794,980	1,708	Enhance business relationship
Toshiba Corporation	4,547,000	1,655	Strengthen business alliance
Mitsubishi Chemical Holdings Corporation	3,598,790	1,590	Strengthen business alliance
Aica Kogyo Co., Ltd.	1,293,743	1,536	Enhance business relationship
Lion Corporation	3,140,665	1,488	Enhance business relationship
Fujifilm Holdings Corporation	685,965	1,331	Enhance business relationship
Sapporo Holdings Limited	3,796,388	1,161	Enhance business relationship
NSK Ltd.	1,814,000	1,155	Strengthen business alliance
Yakult Honsha Co., Ltd.	393,000	1,118	Enhance business relationship
ROHM Co., Ltd.	266,501	1,088	Enhance business relationship
CALBEE, Inc.	258,200	1,088	Enhance business relationship
Nippon Steel Corporation	4,594,768	1,043	Strengthen business alliance
Meiji Holdings Co., Ltd.	282,200	1,020	Enhance business relationship
Mitsubishi UFJ Financial Group, Inc.	2,399,760	988	Enhance business relationship
Shiseido Co., Ltd.	677,619	967	Enhance business relationship
Mitsubishi Electric Corporation	1,300,000	951	Enhance business relationship
SMK Corporation	3,200,000	918	Enhance business relationship

Stocks held in trust or other legal entity while retaining voting rights or voting instruction rights

Company name	Number of shares	Amount recorded on balance sheet (¥ million)	Holding purpose
Terumo Corporation	1,930,500	7,635	Hold voting instruction rights for shares in retirement benefit trust
TV Asahi Corporation	40,300	5,436	Hold voting instruction rights for shares in retirement benefit trust
Astellas Pharma Inc.	913,770	3,106	Hold voting instruction rights for shares in retirement benefit trust
Japan Tobacco Inc.	5,000	2,330	Hold voting instruction rights for shares in retirement benefit trust

Note: Specified stocks and stocks held in trust with voting rights are not added together when selecting stocks with the largest amounts as recorded in the balance sheet.

(3) Stocks held for pure investment purposes

None

2 Compensation Paid to Accounting Auditors

(1) Compensation paid to accounting auditors

	Previous fiscal year		Current fiscal year	
	Compensation for audit certification (¥ million)	Compensation for other services (¥ million)	Compensation for audit certification (¥ million)	Compensation for other services (¥ million)
Dai Nippon Printing Co., Ltd.	83	–	83	–
Consolidated subsidiaries	130	–	126	–
Total	213	–	209	–

(2) Other material compensation details

None

(3) Compensation paid to accounting auditors for services other than audit work provided to DNP

None

(4) Determination of compensation for audit services

The Company's compensation for audit services is determined based on a variety of factors, including the number of expected days for the audit and the size of the Company.

Board of Directors, Statutory Auditors and Corporate Officers

(As of June 28, 2012)

President

Yoshitoshi Kitajima

Executive Vice Presidents

Koichi Takanami

Masayoshi Yamada

Yoshinari Kitajima

Senior Managing Directors

Mitsuhiko Hakii

Osamu Tsuchida

Teruomi Yoshino

Yujiro Kuroda

Masahiko Wada

Managing Directors

Kazumasa Hiroki

Tetsuji Morino

Kunikazu Akishige

Motoharu Kitajima

Takao Shimizu

Yoshiki Nozaka

Masaki Tsukada

Sakae Hikita

Fujio Yamazaki

Tokuji Kanda

Director

Tadao Tsukada*

Standing Statutory Auditors

Kenji Noguchi

Minoru Yoneda

Shin-ichi Ikeda*

Statutory Auditors

Makoto Matsuura*

Kuniaki Nomura*

Senior Corporate Officers

Tatsuya Nishimura

Tatsuo Komaki

Tatsuro Kitayuguchi

Takashi Saito

Shigemi Furuya

Ryuji Minemura

Masato Koike

Masato Yamaguchi

Corporate Officers

Yasuo Takeda

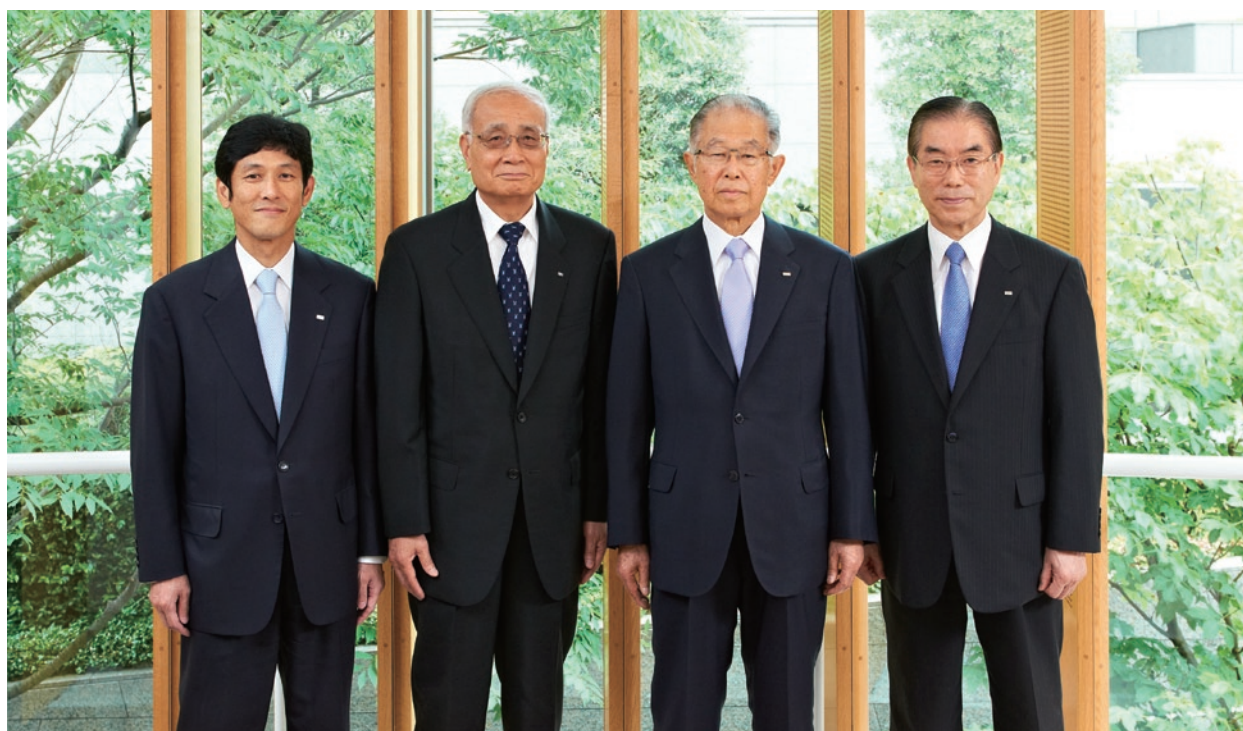
Morihiro Muramoto

Kenji Miya

Yoshio Ogawa

Toshiki Sugimoto

*Outside director or auditors



Yoshinari Kitajima

Koichi Takanami

Yoshitoshi Kitajima

Masayoshi Yamada