

DNP Group

CSR Report 2007

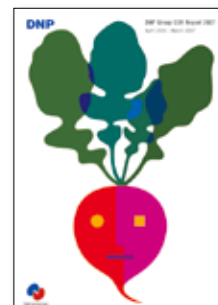
April 2006-March 2007

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[About the Cover]

Radishes are attractive but their pungent flavor also makes them assertive. The message here is that *TAIWA* (Japanese for "dialogue") takes place when one first poses a question to oneself, and then relays a message to one's counterpart out of concern for them. The ability to organize the wide variety of thoughts we within ourselves and achieve clear communication with others after doing so is essential in our daily lives.



Ryohei Kojima: Born in 1939 in Iwate. Graduated in 1960 from Musashino Junior College of Art, with a degree in industrial design. After working in San-Ai's publicity section, he entered Light Publicity in 1963. In 1976, he established the Ryohei Kojima Design Office. He has since been actively engaged in the design field, advertising, as well as artistic, public, environmental and packaging design, in particular. His awards include the Tokyo Art Directors Club Prize, the Japan Sign Design Award, the Mainichi Advertising Design Award Grand Prix, and the New York Art Directors Club Merit Award.

DNP Corporate Profile (as of March 31, 2007)

- **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
URL: <http://www.dnp.co.jp/>
E-mail: info@mail.dnp.co.jp
- **Established** October 1876

- **Capital** 114.464 billion yen
- **Employees** 9,003 (Non-consolidated)
37,740 (Consolidated)
- **Sales Offices** 48 locations in Japan
21 locations overseas
(including local affiliates)
- **Main Plants** 58 domestic plants
7 overseas plants
(including affiliates)
- **R&D Facilities** 11 locations in Japan

Editorial Policy

- This report describes DNP's efforts according to themes selected for the scale of their impact on stakeholders and the degree of emphasis given them by DNP.
- For example, for numerical data, system charts, and other information related to the topics described in this report, please refer to our website (<http://www.dnp.co.jp/eng/csr>).

<How to view related data>

- (1) The following mark is found in the upper right-hand portion of odd-numbered pages of this report. Entering the posted URL in your browser will take you to the relevant webpage.



Enter this URL in your browser.

- (2) A link to a PDF edition of this report is found in the DNP homepage. Clicking on the URL will open the PDF in your browser.



Click on this portion

- We have sought to provide a clearer picture of these activities by including the words of those actually in charge of the various efforts.
- In order to add a greater measure of objectivity to the evaluations of the activities, we have elicited comments on the individual topics from third parties, along with ad-

vice on improvements that could be made in the next year and beyond.

- To ensure the reliability of the information in our "Environmental Performance" section, we submitted it to a third-party review conducted by the Shin Nihon Environmental and Quality Management Research Institute Co., Ltd. The report was granted the Environmental Report Assurance and Registration Mark according to the "Environmental Report Assurance and Registration Mark Standards" established by the Japanese Association of Assurance Organizations for Environmental Information.
- In compiling this report, we have referred to the Global Reporting Initiative's "Sustainability Reporting Guidelines 2002" and the Japanese Ministry of the Environment's "Environmental Reporting Guidelines (2003 edition)."

[Period covered by this report]

This report focuses on the period from April 1, 2006 through March 31, 2007. In some instances, the reporting of information about important items not occurring within that period may also be included.

[Divisions Covered]

This report covers the CSR efforts of all companies and divisions in the DNP Group. The data in the environmental section is compiled from a total of 58 sites in 46 of the companies included in the Group's consolidated financial accounting, including all 44 of our domestic manufacturing companies, one distribution company, one in-company food service company, and one equity-method affiliate.

Sustainable Development for Society, with Integrity



President

A handwritten signature in black ink, reading "Yoshitaka Tajima".

We at DNP celebrated our 130th anniversary on October 17, 2006, and we chose that date to announce our “Joint Labor-Management Declaration.” The preamble states that “We seek to achieve perpetual development for the DNP Group and society, and to enhance the role we are bound to fulfill in society as a truly superior company.” This confirms the dedication of our company and its employees to working together in these efforts.

These efforts span our Group, and each of the DNP Group companies has issued a similar joint declaration. The process of drawing up the declaration consisted of extensive dialogue among the employees and between the employees and management concerning its significance and content, resulting in a even deeper mutual understanding than was the case before.

I believe, as expressed in our management concept of “contributing to the creation of an emergently evolving society of the 21st century,” that DNP’s CSR lies in our fulfillment of our role in society. The understanding of each employee of his or her role, and subsequently the steady performance of that role, brings us closer step by step to the realization of our management concept. In that sense, the participation of management and all employees in drawing up and announcing our declaration seems to me to be a major advance in DNP’s CSR.

This year we also deepened our consideration of our “21st Century Vision,” which we announced in 2001. In our business vision, we combine the experience and know-how we have gained over our 130-year history with our unique printing and information technologies to provide our “P&I Solutions” for resolving any issues faced by our customers. We have also realigned our guiding principle for realizing our vision, “*TAIWA* (dialogue) with any and all people,” as our core concept.

Furthermore, we have merged the “DNP Group

Corporate Pledge” and the “DNP Group Employee Code of Conduct,” bringing them together into a single “DNP Group Code of Conduct,” which has been enhanced to include CSR considerations. These codes of conduct form the premise for all employee behavior, through which we “contribute to the creation of an emergently evolving society of the 21st century” through the realization of P&I Solutions.

Our business continues to expand. We have acquired a photo business from Konica Minolta Holdings, and have begun producing our own DNP brand of color print paper, the “CENTURIA” series. We are offering a complete array of digital photo printing products and services in addition to our dye-sublimation transfer materials, and plan to continue to contribute to the transition to a photographic culture. This business represents an entirely new role for DNP, in the sense that by offering DNP products directly to consumers we are able to offer value directly to society.

As the report published by the IPCC (the UN's Intergovernmental Panel on Climate Change) in February 2007 points out, it has become clear that efforts taken now to deal with global environmental issues, in particular global warming and climate change, will turn out to have great significance in terms of the environment 50 or 100 years in the future. DNP's environmental efforts cover a broad range of themes, from adopting resource and energy conservation measures and alternative energies through emissions reduction and control. Our current efforts to create a sustainable global environment are geared toward preserving the global environment for the next generation.

The Consumer Product Safety Law, which applies to the reporting and publication of information on product accidents, was revised in May 2007. DNP took this opportunity to revamp our own consumer protection and product safety systems and efforts, and have strengthened our own rules concerning product safety.

In March 2007 it was discovered that a former employee of one of our contractors had stolen personal information. We immediately launched an internal investigation and published the results, and offered our deep and sincere apologies for the trouble and concern caused to the people whose personal information had been taken, as well as to the many others who were affected. We shall continue to work throughout our company to shore up our information security and control systems to prevent a recurrence of such a situation. Our efforts in this area are detailed in pages 4 through 7 of this report.

DNP's efforts in corporate philanthropy have resulted in the inauguration of the Louvre-DNP Museum project, conducted in tandem with France's Louvre Museum. The DNP Gotanda Building has been opened to the public for exhibitions of works of art from the Louvre collection. The most advanced technologies are used to enhance the presentation. The first such exhibition presented Theodore Gericault's 'Carabineer,' while the second, scheduled to run through September, is an exhibition of three Tanagra figurines from ancient Greece. DNP hopes to be able to offer new modes of art appreciation through the use of our printing and information technologies.

DNP announced our participation in the UN Global Compact in July 2006 at our Board of Directors meeting. The Global Compact covers ten principles in the areas of human rights, labor, the environment and anti-corruption to be maintained by good corporate citizens. The DNP Group has been working to incorporate these ten principles in our Group management, and we intend to continue to enhance our efforts to that end.

We shall continue to seek to build an even stronger relationship of trust with all of our stakeholders by always engaging in honest conduct and striving to fulfill the role expected of us by society.

Efforts toward Creating Highly Secure Personal Information Protection

Securing a top information security system

DNP fulfills a vital role in society by storing a wide variety of information entrusted by customers, as well as in developing of new services and systems that are of value to both corporations and consumers. This requires the ultimate in information security measures, and DNP has already constructed a broad array of such measures.

Nevertheless, there was an unfortunate incident in which the personal information entrusted to us by customers was taken illegally. DNP takes this situation with the utmost seriousness, and is engaging in the following comprehensive revamping of our information security measures to thoroughly ensure that there shall be no recurrence. We shall continue to attach the highest priority to this matter in the future.

About the incident of stolen personal information

Background

It was discovered that the former employee of one of our contractors stole a portion of the personal information from customers that had been stored for the production of direct mail and other printed materials, and sold that information to a group of Internet sales racketeers. We conducted an internal investigation with the help of the authorities, and on March 12, 2007, we announced that a total of 8,637,405 items of personal information, which was the property of a total of 43 companies, had been taken to that former employee's home.

In response, DNP again conducted a thorough and comprehensive examination of our personal information control system, and also submitted to a third-party audit by an external organization so as to enhance this examination. We also submitted a report on the facts of the case and the measures we are taking to prevent recurrence to the Ministry of Economy, Trade and Industry, the Japan Information Processing Development Corporation, and other relevant organizations.

Measures to Prevent Recurrence

In September 2006 we transferred all electronic processing work for the production of printed information, such as addresses, etc., which was where this problem originated, to the newly constructed Kamiya Solutions Center (Kita-ku, Tokyo). We have installed the latest security equipment at the Center, and in addition have implemented the following measures:

(1) Minimizing the number of employees handling information recording media, and restricting such handling to our employees

Only 4 employees are responsible for writing personal information to recording media, and such work is restricted to our own or our affiliates' employees.

(2) Measures to prevent the unauthorized writing of information recording media, and the strengthening of checking functions

- 1) The area in which information recording media are handled is separated from other areas, and the environment has been structured so that the writing of media outside this area is absolutely impossible.
- 2) The personal information handled in this area is encoded so that it cannot be deciphered by any third party.
- 3) We confirm that there has been no unauthorized writing of information recording media by daily checking of three items: the volume of information recording media, the media loaders used in data writing work, and delivery records.

(3) Measures for the prevention of removal of information recording media

Employees are subjected to search by security personnel using metal detectors when they leave the premises so as to prevent any unauthorized or improper removal of personal information recording media from the site.

(4) Full implementation of measures to prevent recurrence, and education

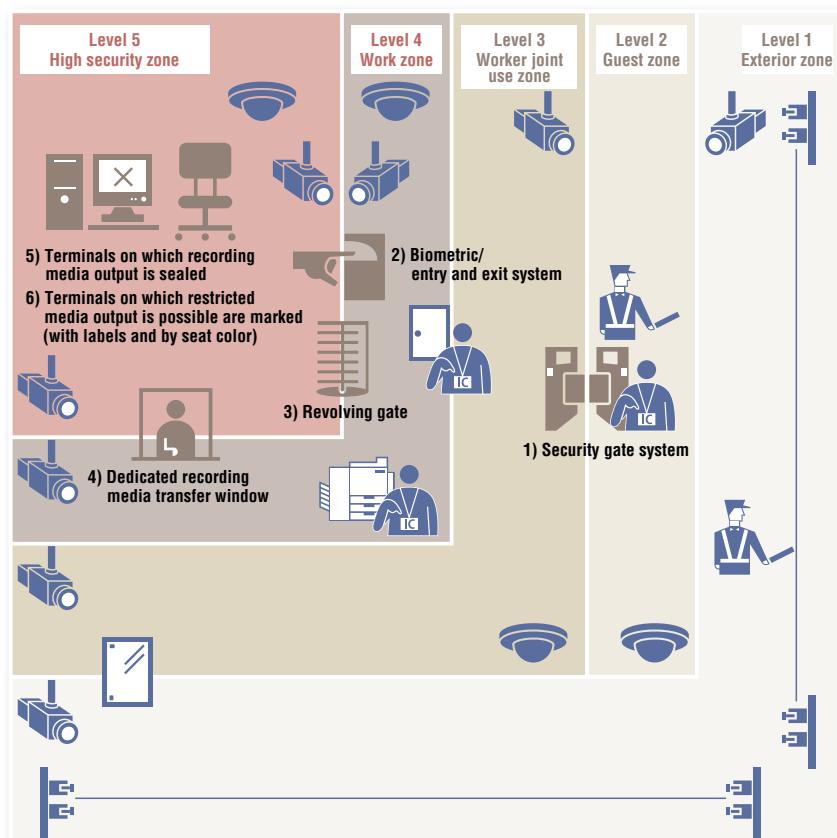
All employees responsible for handling personal information have been re-educated in the importance of information security, and in addition we are engaged in the full implementation of measures to prevent recurrence. We will continue to conduct education programs regularly henceforth.

(5) External audits

The Kamiya Solutions Center Electronic Processing Offices were subjected to an examination by IT consultants, and all deficiencies that were pointed out have been rectified. In addition, we contracted for an objective, third-party audit by the Deloitte Touche Tohmatsu, which conducted an information security audit designed to offer advice on personal information security.

We have implemented the measures described above so as to strengthen the personal information control system at the Kamiya Solutions Center. We are undertaking these kinds of recurrence prevention measures at all sites nationwide where personal information is handled, so that the security level is uniformly high throughout the DNP Group. We shall continue to make efforts to anticipate all possible risks and improve the system, so as to engender a high level of confidence.

About the new security equipment



1) Security gate system



2) Biometric/entry and exit system



3) Revolving gate



6) Terminals on which restricted media output is possible are marked (with labels and by seat color)



5) Terminals on which recording media output is sealed



4) Dedicated recording media transfer window



Third-party comment

"Aim to have exemplary security"

There was a major leak of personal information at DNP this year. Luckily it did not spread widely, but the fact that something of that nature occurred is no surprise. When I took part in helping to improve security measures after the incident, I did find that high-level security measures covering the work where the incident originated had already been put in place in a very short time. Nevertheless, when I examined the situation carefully I found that there were some things that had been overlooked, as well as items not in line with some basic principles. This is the sort of thing that occurs when emergency security measures are implemented. I was impressed with the earnest efforts of the on-site employees to eliminate the cracks in these security measures. It is my hope that from now on as well each employee will maintain a strong awareness about security, and that DNP will reach a security level that will stand as an example for other companies.



Mitsuyoshi Sugaya

Director, Consulting Service Department
NRI SecureTechnologies, Ltd.

Information security and efforts to guard personal information

● Revision of personal information protection policy

DNP created its first Personal Information Protection Policy in 1999, and has been working hard to protect and properly handle personal information. The Japan Industrial Standard, “Personal Information Protection Management Systems-Requirements” (“JISQ15001”) was revised in May 2006, and in December 2006 we revised our Personal Information Protection Policy, taking into consideration changes in social conditions and increased consumer awareness.

Personal Information Protection Policy

Our company is entrusted with the storage of personal information from a wide variety of companies and organizations, and we assist in the provision of many kinds of services and products offered to consumers. In addition, our company itself engages in the development of many kinds of services and products that use personal information effectively. Through such businesses we have come to a thorough understanding of the importance of personal information, and we believe that the appropriate protection of information is as a matter of course our duty.

Our company shall handle personal information properly in accordance with our Personal Information Protection Policy.

1. We shall strive to protect personal information in compliance with all laws, guidelines, and rules issued by the Japanese government in regard to personal information.
2. We shall devise all necessary and appropriate measures for the safeguarding and prevention of the leaks, loss, or damage to personal information. In addition, in the event that any problems arise we shall immediately implement corrective measures.
3. We shall specify the uses of personal information, and shall acquire, use, and provide personal information fairly and properly. We shall devise measures for the prevention of any handling of personal information that exceeds the limits necessary to achieving the specified usage goals.
4. We shall properly respond to requests from information subjects for disclosure, etc., of personal information retained by our company.
5. In cases in which contract for work handling personal information from client companies, the said personal information shall be handled within the limits determined for the contracted work.
6. We shall establish internal regulations regarding the protection of personal information, devise, maintain, and continue to update personal information protection systems.
7. We shall properly respond to any complaints or inquiries from information subjects concerning our handling of personal information or our personal information protection systems.

● Organizational Measures

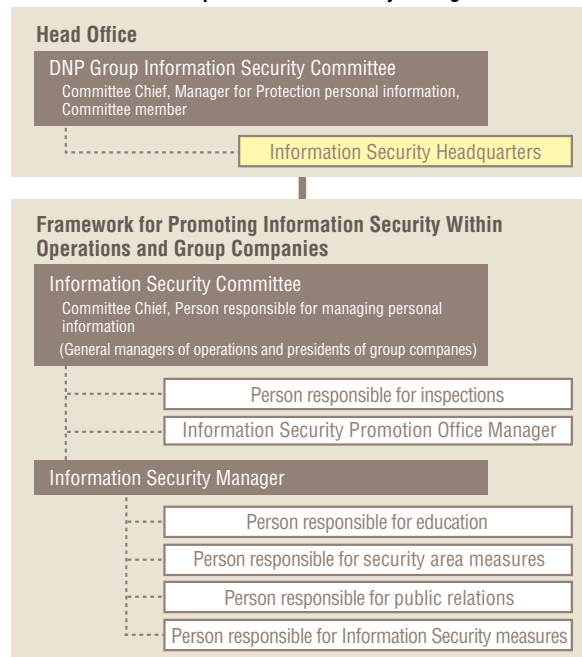
[System Maintenance]

Beginning with the establishment of the Office for the Protection of Personal Information in April 1999, we have made changes in Japan and abroad, and conducted reviews for the purpose of further strengthening our information security measures.

Currently the DNP Group Information Security Committee is established at headquarters as an umbrella organization for the entire company. Furthermore, a Information Security Committee has been established in each of the operations and Group companies that make up the core of our business. Each company committee consists of a Committee Chief and a person responsible for managing personal information (the head of each operation). Managers, auditors, and inspection managers will be appointed for each issue, such as education, security regions, and computer measures.

We established the Information Security Headquarters under the management of the Headquarters DNP Group Information Security Committee in April 2007. We have broadly increased the number of personnel in this Operation, strengthening the auditing and control structure for the business operations and group companies.

Structure of DNP Group Information Security Management



[Maintaining Internal Procedures and Rules]

In addition to maintaining the Personal Information Protection Rules (implemented in 1999, revised in 2005), the DNP Group has established firm standards for personal information protection that apply to the entire Group. All rules pertaining to information security were revised in 2002, and the Basic Information Security Rules (established in 2002, revised in 2005) have been developed as new systems, under which 7 standards, including those for document control, computer use, areas from which non-DNP employ-

ees are restricted from entry, etc., are stipulated.

We rapidly send out notices and establish or revise our rules accordingly in response to new threats and risks, and we make sure that employees are thoroughly informed about them.

[Establishment of a Management System]

DNP has been promoting the establishment of a management system based on the Japanese Industrial Standards, "Personal Information Protection Management Systems-Requirements" (JISQ15001), which is a standard for thorough compliance with laws and the management of the protection of personal information at all offices which handle personal information. Also, DNP has been actively seeking the acquisition of "Privacy Marks," which are given to offices which maintain operation procedures and management systems in line with JISQ15001, as well as of BS7799 and ISMS, which are standards for the implementation of information security management. 2 operations divisions acquired "Privacy Mark" in FY2006.

Business Operations and Divisions that have acquired certification (As of June 20, 2007)

Divisions that have acquired the Privacy Mark

Dai Nippon Printing, IPS Operations
Dai Nippon Printing, C&I Operations
Dai Nippon Printing, Information Communication Kansai Operations
Dai Nippon Printing, Commercial Printing Operations
Dai Nippon Printing, CHUBU Operations
DNP Digitalcom
DNP Uniprocess
DNP Logistics
DNP Information Systems
DNP Media Create Kansai
DNP Tokai
DNP Data Techno Kansai
DNP Hokkaido
DNP Media Create
DNP Tohoku
DNP Data Techno
Multi Print
DNP Total Process Warabi
Direc

Acquisition of ISMS and BS7799 certification

Dai Nippon Printing, IPS Operations (ISMS)
DNP Facility Services (ISMS and BS7799)
DNP Digitalcom (ISMS)
DNP Data Techno Kansai (ISMS)

● Measures for human resources

We conduct training programs for educating and enlightening each employee, through pamphlet distribution, group education, and network learning. We conducted nationwide conferences and information sessions for Information Security Promotion Office Managers in 2006, such as "Introduction to Personal Information Protection," "Education to Personal Information Management Systems (PMS)," "Risk Management Plans for Personal Information Protection," "Privacy Statement Announcements and Obtaining Consent for the Use of Personal Information," and "Information Security Course."

Training and conferences in fiscal 2006

Introduction to personal information protection	
May-October 2006	Network Learning Approximately 21,000 enrolled
Personal information management systems education	
February-March 2007	Increase understanding by distributing PMS handbooks, network learning, etc. Approximately 41,000 enrolled
Risk control plans for personal information protection	
June 2006	Distribution of a "Manual for establishing personal information protection risk control plans"
Publication of the "Privacy Statement" and acquisition of consent to use of personal information	
March 2007	Distribution of the guideline, training sessions held twice Approximately 100 enrolled
Information security courses for technicians (4 in total)	
November-December 2006	"Electronic certificates," "Computer viruses," "Security technologies," "Network security" Total of 350 enrolled
Nationwide conferences and information sessions for information Security Promotion Office Managers	
May/November 2006, February 2007	Nationwide conferences on information security
December 2006	Personal information protection management system construction information sessions For Information Security Promotion Office Managers

● Physical measures

Various measures are in place at the Electronic Processing Offices to prevent information theft. These include entry/exit controls using biometrics to ensure that unauthorized persons cannot access the facilities, surveillance cameras that keep improper behavior in check, and pocket-free uniforms for on-site workers. We moved forward with the strengthening of these measures and the enhancement of facilities in fiscal 2006. We also have enhanced information controls by separating the locations where information is written to media and employing checks using metal detectors.

● Technology-related measures

Access logs are recorded at the Electronic Processing Offices. By reducing the number of employees engaged in the work of writing to recording media, and restricting such work to DNP Group employees, the accuracy of access log checks is improved and control is strengthened.

2006 Financial Data/Results of Each Segment

We have increased sales and profits by promoting reform.

The DNP Group--engaged in a wide range of businesses. Within a harsh business climate, we have promoted reforms in both our operational and cost structures based on our vision of P&I Solutions, achieving record sales in the process.

Printing encompasses a wide range of operations, from its Information Communication segment, including publishing and commercial printing, Smart cards, and network-related businesses, to its Lifestyle and Industrial Supplies segment, including packaging, decorative interiors, information media supplies and industrial supplies, and its Electronics segment, including display components and electronics devices.

Beverages operations involve the production and marketing of Coca-Cola and juices, mainly through the Hokkaido Coca-Cola Bottling.

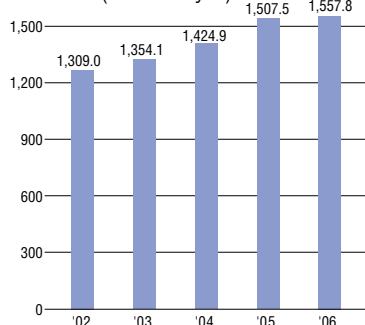
At the base of our printing operations lies the vision of P&I Solutions. The "P" in P&I refers to printing technology, while the "I" refers to information technology. DNP is working to provide customers with solutions combining the printing technologies it has cultivated over many years with the information technologies it began developing in the early 1970's. In addition to developing our business and offering products and services corresponding to cus-

tomers needs, in FY2006 we initiated Group-wide efforts to reduce costs through our "Manufacturing 21" activities, working hard to maintain our business results. As a result, consolidated sales for the term were ¥1,557.8 trillion, with consolidated revenues of ¥96.1 billion, consolidated profits of ¥101.3 billion, and consolidated term net profits of ¥54.8 billion.

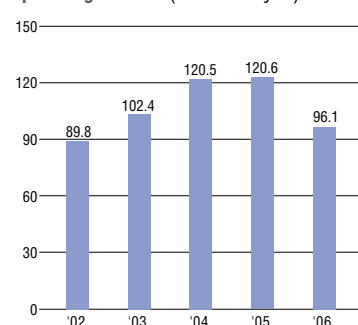
DNP Group's Consolidated Business Results (FY ending March 2007)

Net sales	1,557.8 billion yen (up 3.3% over the previous term)
Net operating Income	96.1 billion yen (down 20.3% over the previous term)
Ordinary Income	101.3 billion yen (down 18.7% over the previous term)
Net Income	54.8 billion yen (down 15.9% over the previous term)

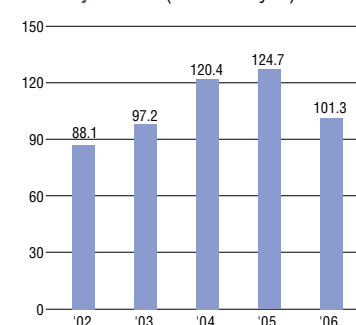
Net sales (billions of yen)



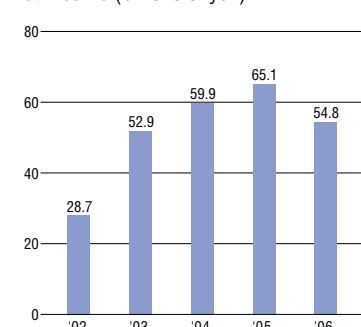
Operating Income (billions of yen)



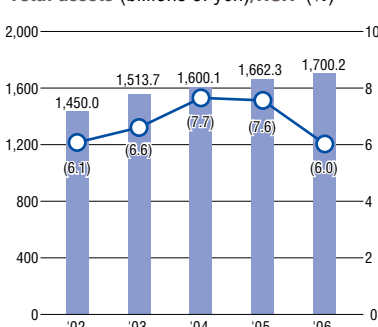
Ordinary Income (billions of yen)



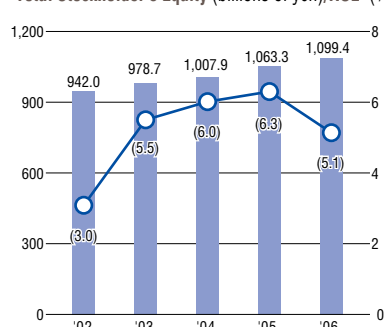
Net Income (billions of yen)



Total assets (billions of yen)/ROA* (%)



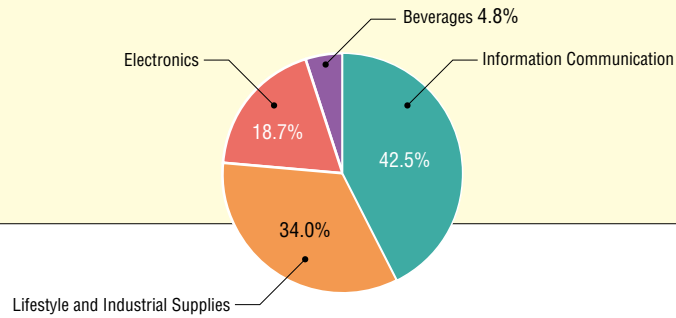
Total Stockholder's Equity (billions of yen)/ROE* (%)



*ROA is calculated using recurring profits.

*ROE is calculated using current net profits.

Segment Breakdown of Sales for the March 2006 Fiscal Year



[Information Communication]

Books and periodicals: Magazines, books, etc.

Commercial printing: Catalogs, pamphlets, posters, leaflets, etc.

Business forms: passbooks, various types of cards, IPS (Contract service for personal printing and sending through data entry), etc.

Other: Multimedia planning and production, database business, network business, etc.



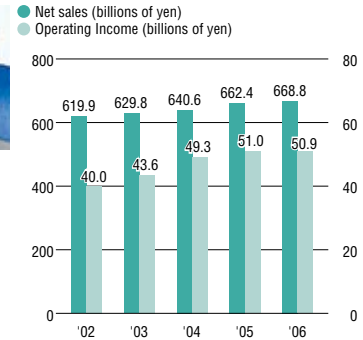
Magazines



Smart cards



Catalogs and pamphlets



[Lifestyle and Industrial Supplies]

Packaging: container packaging materials for food, beverage, confectionery, daily necessities, medical and other products

Decorative materials: exterior and interior finishing material for homes, furniture, etc.; decorative sheet metal; etc.

Industrial supplies: optical film for displays, printer ink ribbons, facsimile ink ribbons, etc



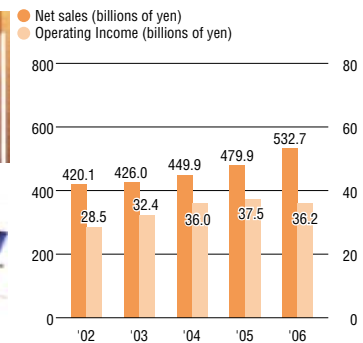
Packaging



Interior materials



Printer ink ribbons



[Electronics]

Displays: LCD color filters, plasma television back-plates. CRT television shadow masks, etc.

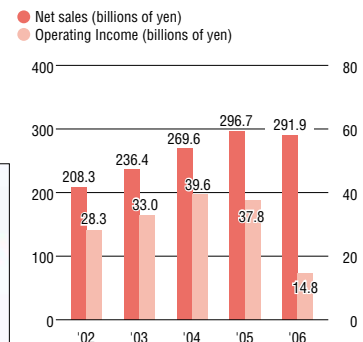
Electronic devices: Semiconductor photo-masks, lead frames (semiconductor chip connection terminals), etc.



LCD Color filters



Photomasks

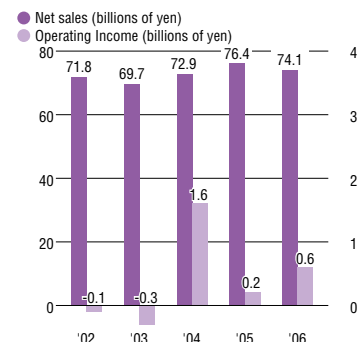


[Beverages]

Production and marketing of beverages through Hokkaido Coca-Cola Bottling.



Beverage products

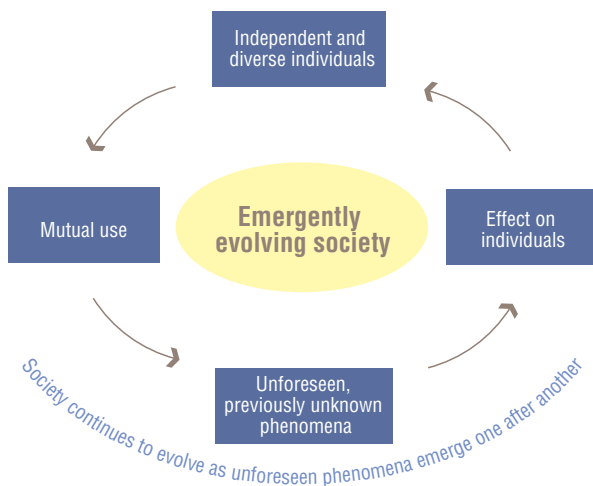


DNP is performing its role in society, which is “contributing to the creation of an emergently evolving society of the 21st century”

Societal changes in the 21st Century are turning out to be even more intense than in the past.

We have been able to put our highly-developed information base to use since the end of the 20th Century.

By using this information base, independent and diverse people are able to stimulate one another, resulting in the emergence of unforeseen phenomena, some of which take root in society and continue to provide stimuli, resulting in even more new phenomena. DNP believes that this process will continue to repeat itself, with new goods and services continuing to emerge and society constantly evolving. We refer to this as the “emergently evolving society.”



We think that the changes occurring in the emergently evolving society will result in people enjoying a richer life, businesses becoming more efficient, and society developing further.

DNP believes that by contributing to the creation of an emergently evolving society we are fulfilling our role in society.

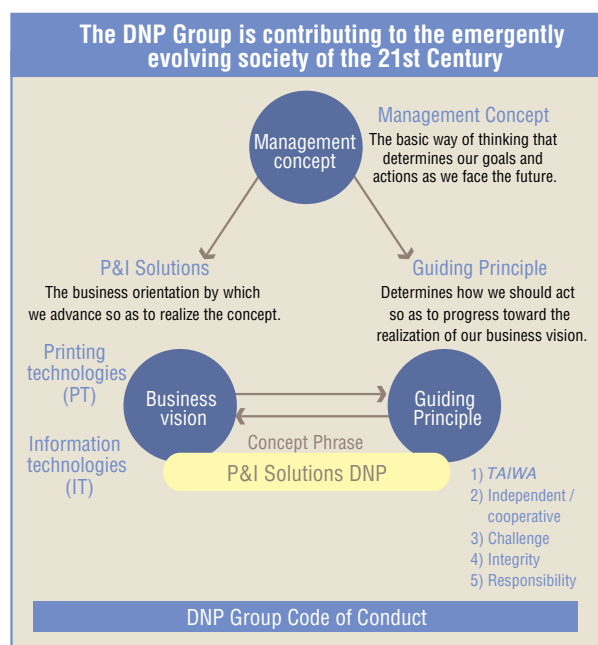
Our management concept, “the contribution by the DNP Group to the creation of an emergently evolving society in the 21st century” expresses our determination in that regard.

Our business vision is P&I Solutions

Unforeseen phenomena are engendered within the emergently evolving society. Many issues and challenges face our customers and others as they respond to these phenomena. DNP seeks to uncover the latent issues involved by deepening our *TAIWA* (dialogue) with our customers and other members of society, and thereby offering solutions that make use of the experience and know-how that we have cultivated through our business, especially printing technologies (PT) and information technologies (IT). This our “P&I Solutions” business vision, and it is indicative of the direction we are taking for our “contribution to the creation of an emergently evolving society.”

TAIWA is of vital importance in the realization of this vision. We can uncover issues by deepening our *TAIWA* with customers, and when the various departments within our company deepen their *TAIWA* in the approach they take toward difficult problems, new solutions can emerge through joint efforts.

Our new guiding principle comes together with *TAIWA* as the core activity we must pursue so as to realize our vision.



So as to always remain a company with integrity

The continuous growth DNP has experienced over 130 years in business would have been impossible without the creation of a relationship of trust between our company and all of our stakeholders, including our shareholders, customers, employees, local residents, and suppliers. DNP intends to continue our tradition of honesty so as to enhance the trust bestowed upon us.

DNP has established the DNP Group Code of Conduct

with the goal of continuing to engage in our business, which is predicated upon “contributing to the creation of an emergently evolving society,” on a foundation of strong ethical principles in accordance with our own rules as well as the law of the land. These DNP Group Code of Conduct constitute a revised and expanded version of the DNP Group Corporate Pledge, which we established in 1992.

The DNP Group Code of Conduct is built around themes of great importance both to the management of our company and also in terms of the effect of our management on society and our stakeholders.

DNP Group Code of Conduct

1. Contribute to the development of society

We shall offer new values through our business, and contribute to the development of society

2. Compliance with all laws and societal ethics.

We shall contribute to the sustained development of free and orderly market competition while assuming a fair and honest posture based upon laws and societal ethics.

3. Respect for human dignity and diversity

We consider the dignity of the human race to be of unsurpassed importance, and we shall respect diversity in the culture, nationality, creed, race, ethnicity, language, faith, gender, age, and philosophy of each individual, and behave in a disciplined manner.

4. Environmental conservation and the realization of a recycling society

We shall strive to use resources effectively without destroying or polluting the global environment, so as to pass on a beautiful planet to the generations that follow.

5. Realization of a universal society

We shall strive to develop and distribute easy-to-use, functional products, services, and systems so as to realize a society in which everyone can live safely and in comfort, and we shall contribute to the realization of a universal society in which a diverse variety of people can thrive.

6. Accurate information disclosure

We shall proactively disclose timely and accurate information so that our many stakeholders can gain a proper understanding of our business and activities, with the goal of maintaining a high degree of transparency.

7. Ensuring information security

We shall strive to ensure thorough security measures for the protection of the information assets entrusted to us by our clients and those retained by the DNP Group itself (industrial secrets, personal information, intellectual property, etc.).

8. Ensuring the safety and quality of our products and services

We shall strive to gain the trust and satisfaction of our customers and all members of society by ensuring the safety and quality of our products and services.

9. Realization of a safe and energetic workplace

We shall use our maximum abilities in seeking to maintain and constantly improve the safety and cleanliness of our workplace. We shall also respect work habits that take into consideration the diversity of our employees, and maintain a healthy, safe, and energetic working environment.

10. Social contribution as a good corporate citizen

We shall deepen our ties with society as a good corporate citizen, and we shall contribute to society through cultural activities and by striving to resolve the many issues that confront it.

Code of conduct	Management methods for realization	Location in this report
1. Contribute to the development of society	Promotion of P&I Solutions	p28-37
2. Compliance with all laws and societal ethics.	Corporate governance, corporate ethics efforts, “open door room”	p12-15
3. Respect for human dignity and diversity	A work system that respects diversity, work/life balance, etc.	p20-27
4. Environmental conservation and the realization of a recycling society	Environment management based on the eco-report system	p46-69
5. Realization of a universal society	Active promotion of universal design	p35
6. Accurate information disclosure	Information Disclosure Committee, disclosure policy	p12-13, p38-39
7. Ensuring information security	Information security efforts	p4-7
8. Ensuring the safety and quality of our products and services	Improvement of product safety and quality	p34-35
9. Realization of a safe and energetic workplace	Framework for the cultivation of self-starting professionals	p20-27
10. Social contribution as a good corporate citizen	Social contribution activity policy	p40-44

Endorsement of the Global Compact

The DNP Group announced its endorsement of the United Nations Global Compact (GC) in July 2006.

The GC covers 10 principles in four categories: Human Rights, Labor Standards, Environment, and Anti-Corruption. Corporations endorsing GC engage in voluntary

efforts to advance these 10 principles, with the goal of achieving a society capable of sustainable growth. We are working to enhance our image as an honest company by promoting the 10 principles of the GC in tandem with our DNP Group Code of Conduct.



<http://www.unic.or.jp/globalcomp/>

Ensuring fair and efficient business management

The corporate governance system

● Board of Directors meeting

DNP has established a system whereby its directors, who each have a wealth of specialized knowledge and experience spanning a broad array of business areas, participate in management decisions, execute their work duties, and in addition oversee the work other directors.

Directors' terms were shortened from 2 years to 1, so as to make management responsibilities in the fiscal year more clear, and we have enhanced corporate governance

and the management structure by appointing the CEO as the president, with three vice-presidents.

The Board of Directors is composed of 28 directors, including one from outside the company. It is normally convened monthly, and conducts appropriate and swift decision-making along with reporting on the execution of company business. The directors oversee the execution of each others' business, so that proper oversight functions are maintained. The directors also meet at the Executive Committee Meetings held monthly to exchange information so that management decisions can be made efficiently. Also, the corporate officers selected at the Board of Directors meeting are in charge of executing the work determined by at the Board of Directors

Internal Control System Policy

The DNP Board of Directors determined the basic policy for "the creation of a system for ensuring proper business (internal control system)" in conjunction with the implementation of the Corporate Law in May 2006. This constitutes one part of DNP's overall effort to strengthen corporate governance. The main aspects of this policy are as follows.

[System for ensuring that the work executed by directors and employees conforms to all laws, regulations, and articles of incorporation.]

- 1) The "DNP Group Basic Compliance Regulations" shall be established, and the Corporate Ethics Committee designated as the organization responsible for managing the DNP Group internal control system based upon these regulations.
- 2) The Product Safety Committee, Information Security Committee, and other headquarters organizations responsible up to now for legal, regulatory, and other controls shall, under the overall management of the Corporate Ethics Committee, conduct inspections, guidance, and training programs in the areas under their control.
- 3) The Information Disclosure Committee shall be established so as to furnish a system for ensuring the accuracy of financial information and the timely and proper disclosure of DNP's corporate data. This Committee shall, under the overall management of the Corporate Ethics Committee, conduct the timely and proper disclosure of corporate data.
- 4) The Auditing Department, which is independent of the business divisions, shall conduct the internal auditing, guidance, and educational programs involved in the construction and operation of the systems necessary for ensuring the proper execution of DNP's business.
- 5) The heads of each organization within the DNP Group shall determine autonomously the necessary systems and procedures appropriate to the content of each organization, and shall execute, inspect, evaluate, and implement improvements for these systems and procedures.

- 6) The "Open Door Room" shall function as the contact point for the reporting of internal information within the DNP Group. The Open Door Room shall be available to DNP Group employees for the reporting of legal infractions and other matters, and shall initiate the response to these reports.

[Risk management regulations and other systems]

The creation of regulations and the execution of training programs and other items pertaining to compliance, the environment, disasters, product safety, information security and other matters shall be conducted by the Corporate Ethics Committee and other internal organizations, which shall work to prevent the occurrence of risk and respond promptly when it does occur. The organizations and directors charged with prompt response to newly occurring risk shall be established.

[Systems for ensuring proper business within corporate groups]

- 1) We shall strive for full compliance with the DNP Group Code of Conduct, which governs the conduct of all employees. In addition, all relevant regulations shall be established and prepared based upon the DNP Group Basic Compliance Regulations.
- 2) Each DNP Group company shall determine autonomously the necessary systems and procedures appropriate to the content of each organization, and shall execute, inspect, evaluate, and implement improvements for these systems and procedures, based upon 1) above.

[System for reporting to the auditors, and system for ensuring that auditors can conduct audits effectively]

- 1) Directors and employees shall respond promptly when required by auditors to report on the execution of business.
- 2) The Auditing Department and the Corporate Ethics Committee shall report to the auditors regularly concerning audit content and the operation of the internal control system.

meeting. Close dialogue between the corporate officers and the directors allows for the opinions of those close to the worksites to be reflected in decision-making.

● Board of Statutory Auditors

DNP's Board of Statutory Auditors is composed of five auditors, including three from outside the company. Each auditor conducts audits of the business executed by the directors, according to the auditing standards and responsibilities determined by the auditors. The auditors closely watch the execution of company business; the independent auditor explains the auditing plan to the auditors at the beginning of each term, while hearings concerning the auditing situation are conducted as needed during the course of the term, and audit results are reported at the conclusion. The Audit unit has been established to provide assistance to the auditors, with a special support staff working under the auditors direction.

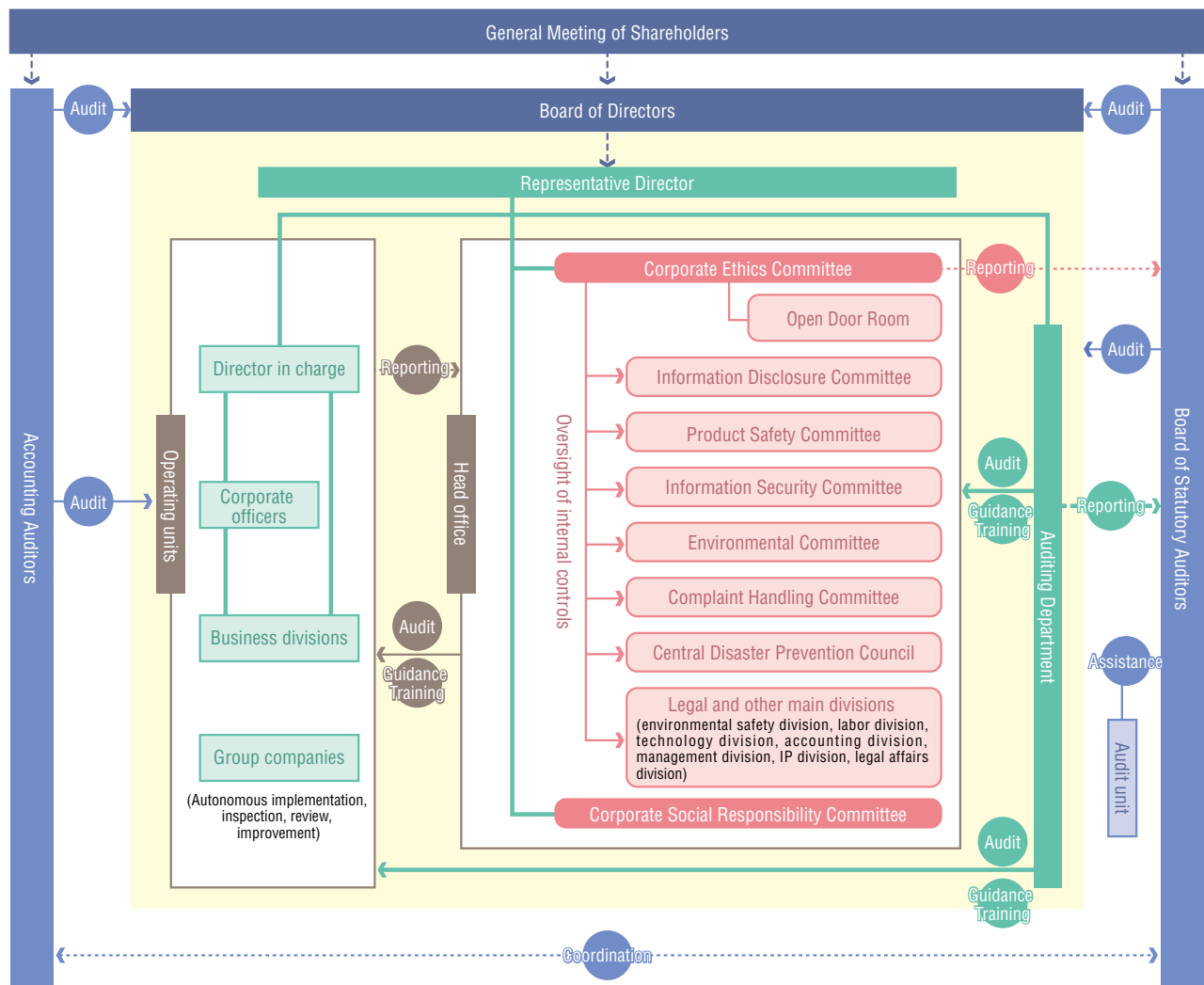
* The external directors and the independent auditors hold no stake in our company, including personal, asset, or trading relationships.

● Information Disclosure Committee

DNP established the Information Disclosure Committee with the goal of ensuring the reliability of our financial reports and information disclosure that is both timely and accurate. We have also enacted the Information Disclosure Rules clarifying those functions.

The DNP Group has established the DNP Group Code of Conduct (see p. 11) so as to improve the compliance awareness of each employee. The DNP Group Code of Conduct standards of conduct for all employees (including directors and auditors; please see below). Employees are made thoroughly aware of the stipulations provided in these documents through training programs and other means, with the goal of maintaining and improving a comprehensive corporate governance system.

Corporate Governance and Internal Control System Chart



We act according to laws and societal ethics.

So as to continue being a company with integrity

DNP intends to continue being a trusted company with integrity. In order to make sure that we do, it is vital that each and every one of our employees is thoroughly versed in corporate ethics with a strong sense of responsibility and purpose. We strive for personal integrity and awareness of continuity, individual initiative, and a positive approach.

Continuity

Uninterrupted execution of daily management efforts

Individual initiative

Being proactive rather than waiting for others to act

Positive approach

Efforts in the area of corporate ethics will win the trust of society, and are indispensable to the development of the DNP Group.

Corporate ethics compliance efforts

1991	Start of the first corporate ethics training
1992	Establishment of the Corporate Ethics Committee Establishment of the DNP Group Corporate Pledge
1993	Establishment of the DNP Group Employees Code of Conduct
1994	Establishment of the Group Company Corporate Ethics Committee at each Group company
1997	Introduction of self-inspection for the compliance system
1998	Revision of the DNP Group Employees Code of Conduct
1999	Inauguration of the Corporate Ethics Committee Secretariat Conference
2002	Revision of the DNP Group Corporate Pledge Establishment of the Open Door Room
2003	Introduction of self-directed ethics training
2004	Priority execution plan adopted
2005	Introduction of the compliance evaluation system Inauguration of the Internal Control Project Team
2006	Establishment of DNP Group Basic Compliance Regulations Establishment of Open Door Room Operating Standards

Structure and system for establishing and propagating corporate ethics

(1) Corporate Ethics Committee

Enactment of the Corporate Law in May 2006 required that each company “develop a system for ensuring the propriety of work (an “internal control system”).” We responded by establishing our “Basic Compliance Regulations,” and designated the Corporate Ethics Committee as the organization responsible for managing the DNP Group internal control system. The directors in charge of each division at headquarters serve as the committee members, and the committee is convened once a month or as needed. In addition, Corporate Ethics Committees are also in place within each division, operation, and Group company to promote the firm establishment and propagation of corporate ethics.

In addition, we are also creating an internal system for verifying the work processes that establish the grounds for “ensuring reliability in financial reports” as required by the Financial Products Exchange Law established in June 2006. Some facets of this system are already operating.

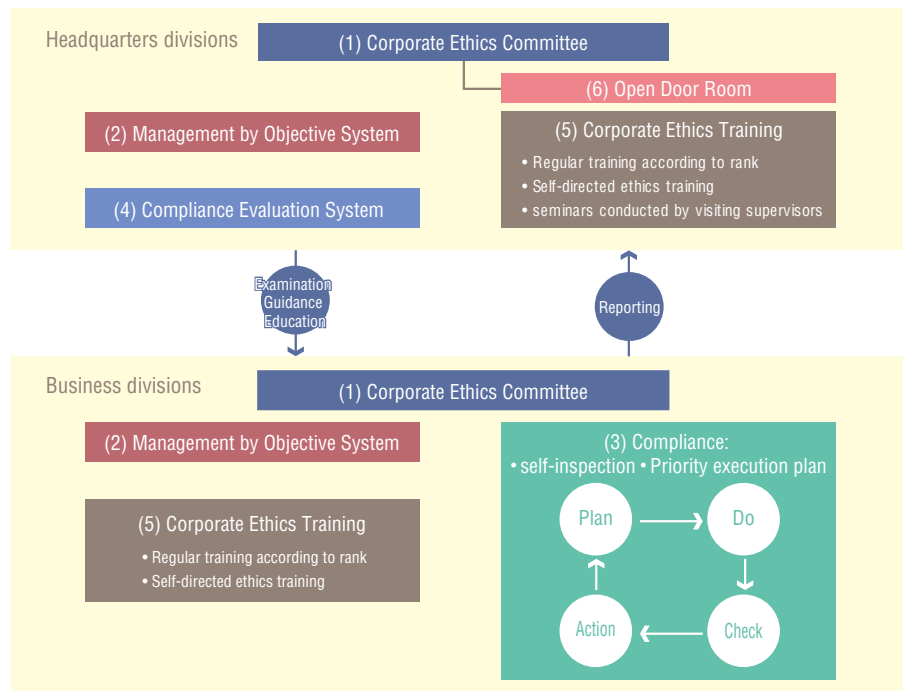
(2) Management by Objective System

Corporate ethics has been included as a factor in the Management by Objective System (See p.21). Each employee is to discuss the meaning of fair and honest action, as well as confirm that he or she is conducting work in that way, during biannual interviews with superiors.

(3) Self-inspection for compliance

Every year (since 1997) each business division has conducted an annual self-evaluation according to a checklist made by the Headquarters’ supervisors, and based upon this takes the initiative toward making improvements. The results of the evaluations are compiled according to category by the Headquarters Corporate Ethics Committee, and are reflected in the next set of companywide measures. Revisions of the checklist categories and methods are made as necessary according to changes in laws and regulations, with the checklist having been revised in 2006.

In addition, a system called the Priority Execution Plan was adopted in 2004. Rather than having all business divi-



sions address a single set of issues with the same degree of urgency, we get more effective results by having each assign priority levels to issues according to their particular circumstances.

(4) Compliance Evaluation System

The Compliance Evaluation System was started in 2005. Under this system, the Headquarters supervisors measure the progress made in compliance efforts in each organization twice a year, and make an objective evaluation (measurement) of each. The results of the evaluations are reported at the Executive Committee Meetings and announced to the entire Group. Each unit is aware of their own evaluation, and makes efforts to improve it.

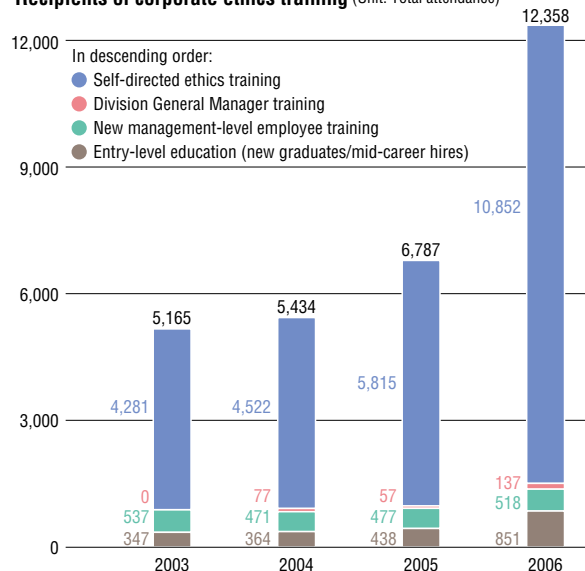
The evaluation method was changed with emphasis on absolute criteria by less weighting of relative criteria in fiscal 2006, so as to appropriately evaluate the efforts on each management issue.

(5) Corporate Ethics Training

DNP conducts corporate ethics training that incorporates various curricula appropriate to different circumstances, such as the following: Regular training according to rank, such as new employee training and new manager training; self-directed ethics training, in which unit supervisors function as lecturers and determine and select the subjects of study according to the specific needs of their own units; and seminars conducted by visiting supervisors from Headquarters.

In fiscal 2006 we broadly increased the number of employees undergoing corporate ethics training by focusing on how to increase participation, so as to increase the effectiveness of the training.

Recipients of corporate ethics training (Unit: Total attendance)



(6) Open Door Room

The "Open Door Room" was established in October 2002 to handle consultation and reporting by employees with regard to questions or concerns they may have in regard to issues of corporate ethics.

The "DNP Group Open Door Room Operating Standards" were announced within the Group in April 2006, so as to clarify the rules stipulating the proper operation of the Open Door Room, such as most importantly the strict confidentiality concerning the consultation or report and information about the employee involved. We made further efforts to acquaint all of our employees with the Open Door Room via our in-house Web and internal reports, which resulted in a significant increase in its use. Nevertheless, no problems having a particular effect on the conduct of business were noted.

DNP 「劳使共同宣言」署名式

DNP "Joint Labor-Management Declaration" Signing Ceremony
President Kitajima and Union Chairman
Beppu shake hands after signing the
Joint Labor-Management Declaration.



Special Report: Joint Labor-Management Declaration

For Mutual Understanding and Trust

Joint Labor-Management Declaration

Preamble

We mutually confirm the importance of "labor-management cooperation" to the goal of the perpetual development of the DNP Group and society, and to enhance the role we are bound to fulfill in society as a truly superior company, and we hereby issue the following declaration:

Page 1

To contribute to 21st Century society
through cooperation

Page 2

To seek perpetual development and
wealth

Page 3

To create a corporate culture based on
TAIWA

We at DNP greeted our 130th year of operation in 2006. While we have faced many troubled times during that period, we have been able to overcome them through the joint efforts of labor and management, and have continued to contribute to the development of society.

DNP issued the Joint Labor-Management Declaration in October 2006, based upon our experience of labor-management cooperation over the past 130 years. The Declaration confirms that everyone at DNP shares the sense of values inherent in the stated goal of "enhancing the role DNP fulfills in society, and of the development of both the company and society," and furthermore of the importance of realizing labor-management cooperation founded on mutual understanding and trust.

The Declaration was drawn up with the participation of employees who had been union members and are now in leadership positions, and represents the coming together of the aspirations of the management team with all employees. Identical declarations had been issued by all Group companies by March 2007, reflecting the common aspirations of the DNP Group.

The Joint Labor-Management Declaration provides the momentum to improve *TAIWA* amongst our employees and deepen the *TAIWA* between employees and the company, and thereby to respond to the aspirations of our employees while continuing to strive to win the trust of society.

The following is a discussion between President Kitajima, representing the company, and Union Chairman Beppu, representing the employees, concerning the ideas that went into forming the Joint Labor-Management Declaration.

President Kitajima: DNP greeted the 130th anniversary of its founding in 2006. At the time of its founding, Shueisha, DNP's predecessor, had a company policy calling for it "to contribute to the development of a civilized society." Implicit in this notion is that the printing industry must be supported so that "Japan can develop into a modern country to catch up to the level of Western civilization."

Since our 125th anniversary in 2001, we have maintained the corporate concept of "contributing to the creation of an emergently evolving society." While the concept is expressed differently in these two phrases, what both mean is that as a company we have sought since our founding to contribute to the development of society. We have of course changed along with the times, and the role we must fulfill has become more advanced and varied. Our company has hammered out many measures in our attempts to fulfill our role, but none has been more important than that each our employees share in the aspiration to contribute to society. I



believe this is also connected to the sense of pride that employees feel in working at DNP.

Union Chairman Beppu: I think that the pride employees feel in working at DNP must be valued.

While the company has celebrated its 130th anniversary, two years ago the union celebrated the 60th year since its founding. Our mission since our founding has been "to enhance the social and economic position of union members, and to maintain and improve working conditions." While this has not changed, as society diversifies the achievement of our mission requires the evolution of the labor-management relationship that has existed up to now. The attainment of our goal of "realizing a rich life" is predicated on the stability and development of management. Cooperation between labor and management is necessary given that our perception of our respective positions and the roles in the relationship differs. This makes the building of a relationship of trust important.

Kitajima: While the company, the union, and each employee have different positions and roles, and, in addition, various ways of thinking, nevertheless all are in agreement about "enhancing the role that we must fulfill in society." It seems to me that both the sharing of this concept and the accomplishment by each party of what is required of them are tied to the realization of the management concept.

Beppu: I am of the same opinion. This means that each must also fulfill their role in deepening the proper understanding of the business vision our company is advancing and in realizing that vision. I believe that this process requires that there be a deepening of the *TAIWA* among the company, the union, and the employees. The Joint Labor-Management Declaration em-

phasizes *TAIWA*.

Kitajima: I have been saying that the most important factor in realizing our business vision of P&I Solutions is *TAIWA*. *TAIWA* means more than simply exchanging information; it is tied to the realization of mutual trust



and cooperation.

Beppu: I think that the premise for cooperation through *TAIWA* is "mutual understanding and trust." This is the asset that those who came before us worked so hard to build up over many years. I believe that the "deepening of *TAIWA*" of which you often speak has been in play in the labor-management relationship over the years, and that it forms the core of the good corporate culture of the DNP Group.

Kitajima: A great deal of *TAIWA* went into the process of putting together this Joint Labor-Management Declaration. We have for some time been holding regular conferences with the union at which we explain major management policy directions, and have been getting the cooperation of the union in this area as well. There was of course much exchange of *TAIWA* in the putting together of the Joint Labor-Management Declaration, both among members of the union and between the union and the company.

Apart from this, I have been focus-

ing on employees in leadership positions, listening to the opinions of employees who had previously been union members but are now in leadership positions. I have heard comments from many of these to the effect that "After leaving the union we found that it was difficult to get information about company measures in comparison to managers or union members." We also made serious efforts to create opportunities to get the opinions of people other than union members in the process of drawing up the Joint Labor-Management Declaration. The opinions of those people can be represented by comments such as "I have the image of labor-management relations as referring to relations between top management and the union; please allow all employees to participate in putting the Joint Labor-Management Declaration together," and "It would be good to connect this to increased opportunities for *TAIWA* between superiors and subordinates at the workplace." By engaging in serious *TAIWA* with people other than

those directly connected to either the company or the union, all employees were able to participate in the creation of the Joint Labor-Management Declaration. In that sense I think it represents the thoughts of all the employees.

Beppu: I see what you mean. While the text in the first draft created in the project opened with "Labor and management...", this was changed to "We..." due to the inclusion of a diverse variety of employees. There were opinions even about the individual words used, and they were reflected in the final draft. We also heard from a majority of worksites that there is a desire to continue to create opportuni-

ties for *TAIWA* in the future. In response we have been holding get-togethers for *TAIWA* between managers and employees at each unit since the end of last year. These have been occasions for lively exchanges of opinions, and as a number of units are implementing organizational and other reforms based on what is learned at these meetings.

Kitajima: Although there have been opportunities for *TAIWA* at worksites up to now, attempting to give an ear to the opinions of more than 30,000 employees has been difficult. I think it would be good to share the information from the get-togethers at the units and other such meetings, and make



Employee Closeup

"It is important that the "Declaration" take root."

As a union member I participated in the drafting of the "Declaration." During the process in which everyone was working on the draft I got the sense that it was a really good thing. DNP's labor-management cooperation is not like the confrontational sort of "labor-management" that those words usually conjure up. Rather, there is a sense of the importance of maintaining good relations so as to resolve issues together, so I think that taking the opportunity of the 60th anniversary

of the forming of our union to draw up a joint "Declaration" is significant. Having made the effort to create this "Declaration," I think we must see to it that it, like the "21st Century Vision," takes root.



Takashi Igarashi

Marketing Division, C&I Operations



Employee Closeup

"I gained a new understanding of the relationship between the company and society."

This is spurred me to think again about my workplace. I think this is a great place to work; I have a lot of autonomy in my job, have experienced no discrimination due to being female, and the atmosphere within the company is good. Reading the "Declaration" gave me a new understanding of the relationship between the company and society. The "Declaration" provides support for each individual, and I think that the further unification of the DNP Group is a good thing. I will be

working as middle management from now on, and I intend to seek out the opinions of my subordinates.



Keiko Imamura

Total Solutions Division, C&I Operations

from that opportunities to take a positive approach toward incorporating the opinions of employees in management decisions.

Beppu: Another important factor in this Joint Labor-Management Declaration is that not only DNP, but each company in the Group announced the declaration, meaning that the same thinking is shared across the entire Group. What I think this means is that even though the company will be faced with various problems in the future, if it is possible to share such thinking across the Group we can get direct *TAIWA* about reaching solutions. This means we can take faster actions toward problem-solving.

Kitajima: We have also seen great success gained through *TAIWA* with employees and cooperation with the union in our "New Personnel System." This is nothing short of the realization of our Vision, and we want our "self-reliant professional" employees to work in a disciplined and active way so as to contribute to the creation of an emergently evolving society. The

company is aware that we must support and value them in their efforts, and reform our systems and seek to create the optimal organization that treats the fruits of the labors of each appropriately.

We intend to continue actively incorporating the opinions of the union and employees into our management policies, and to create workplaces and organizational structures in which our employees can work successfully.

Beppu: I believe that the recent structural revisions are good in the sense that they accurately and fairly correspond to the efforts everyone is making toward achieving great successes and attaining a common spirit. It is also good that the *TAIWA* and mutual understanding were strengthened through information sessions held through their implementation.

I would like to add that the labor-management cooperation is applicable to activities such as the joint hosting of marathon relays and sports festivals as well as work. And not only that, there has also been cooperation in the

donation to NPOs of revenues from refreshment booths at sports festivals, neighborhood cleanups, and other activities. Such social contribution activities represent easily understood ways in which our role in society can be fulfilled through labor-management cooperation. I hope we can continue to put efforts into these.

Kitajima: Our social contribution efforts have up to now focused on cultural activities, such as graphic arts. Nevertheless, I believe we must also bring areas such as regional contribution, international contribution, and global environmental contribution into our range of activities as well. Labor-management cooperation is important here, too.

I hope we can use this declaration as the impetus to further round out our Group, enhance the roles played by all, and contribute to the creation of an emergently evolving society by improving cooperation between labor and management.



Employee Closeup

"The 'Declaration' makes the direction clear."

I participated in the drawing up of the "Declaration," and was able to engage in direct exchanges of opinion with management. This is an important juncture in the history of our company, marking 130 years since the founding and 60 years since the formation of the union. I got the sense that the company is seeking enhance our energy by clarifying the direction to be taken by the labor-management relationship and the roles of each individual employee, and to ensure thorough awareness of this within the company. Since the "Declaration" I have gotten the sense that there is movement to spur *TAIWA* to a form different from

that up to now. While opportunities for *TAIWA* with top management have increased, the personal differences remain large, and I think there will have to be a more assertive attempt to change consciousness for it to take hold completely.



Chie Matsudaira

Sales Division, Information Communications
Kansai Operations



Employee Closeup

"It is important to maintain *TAIWA*."

The *TAIWA* that took place with management during the process of drawing up the "Declaration" was fruitful. The top management in particular gave the sense that they wanted to drop all pretense and frankly "get the opinions of the employees." While we already had created a foundation for solid discussion at our workplace, I get the real sense that the "Declaration" will provide the environment for even freer speech. I think it is important to maintain *TAIWA* so as to

achieve an active workplace at which the entire Business Dept. shares a common consciousness.



Yasuhiko Yoshimoto

Sales Division, Information Communications
Kansai Operations

Development of Personnel that Contribute to an Emergently Evolving Society

The trust of society in DNP depends on the trust in each individual employee. A diverse group of individuals works together at DNP, with new and valuable things emerging from the novel thoughts that bubble up as a result of their *TAIWA*. DNP respects the diversity of its individual employees, and seeks to create a workplace that is pleasant, free, and vigorous, so that each can develop their potential and contribute to the future development of society.

Personnel measures for realizing our vision

Our DNP Group Code of Conduct make clear that we consider the dignity of the human race to be of unsurpassed importance. Respect for the diversity of the culture, nationality, creed, race, ethnicity, language, faith, gender, age, and philosophy of each individual is our basic policy.

The DNP Group believes that employees must be nurtured as self-reliant professionals and also that they must work together so as to contribute to an emergently evolving society.

Free and vigorous *TAIWA* among employees is indispensable to making this concept a reality.

TAIWA means more than simply “conversation” or “sharing information”; it means talking over the problems

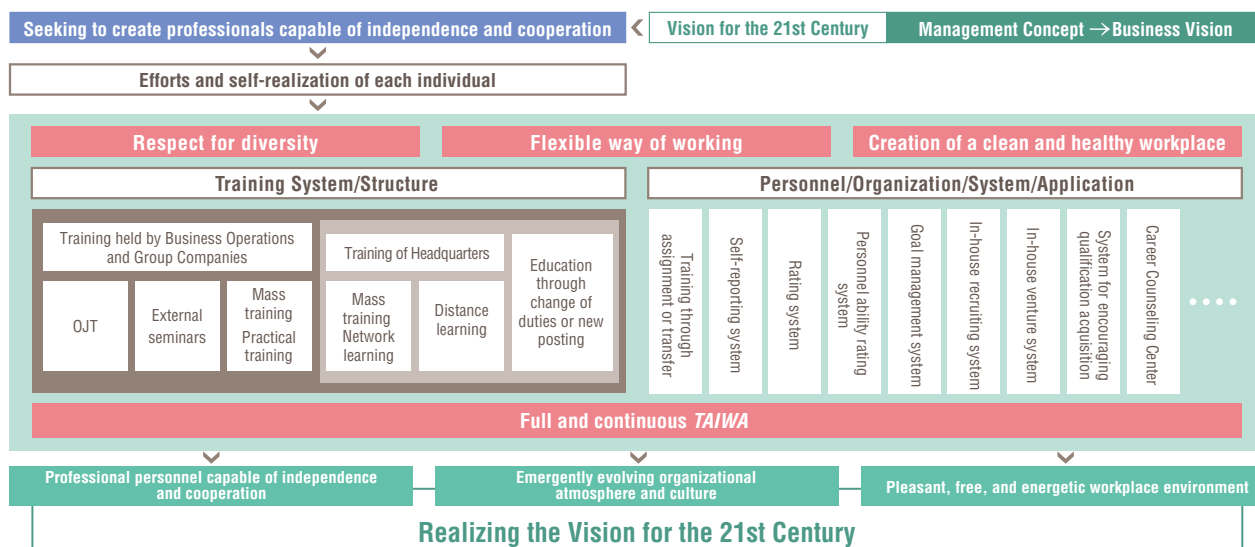
and issues that arise from day to day, and discussing how to resolve them. We are engaging in a variety of personnel measures so as to cultivate a free and vigorous corporate culture that permits *TAIWA* to occur without consciousness of hierarchical considerations.



Personnel and Employment Guideline

Our goal is for each of our employees to be an independent professional with a sense of responsibility and self-confidence. They shall strive to achieve self realization in order to face challenges positively and resolutely. The company shall provide an environment and organization supportive of the development and self-realization of individual employees, and will nurture an emergently evolving Corporate Culture and culture that will allow each of our employees to display their full professional abilities.

Personnel and Human Resources Development Efforts for Realizing our Vision





Achieving a system in which each individual can display his or her abilities

● Rebuilding the personnel system

DNP has revised our basic personnel system so that each individual employee can display his or her abilities and help us realize our Vision. The new system was inaugurated in April 2007 (rating, wages, working hours, commendation). The following are the basic concepts of the new system:

- 1) An incentive system for the realization of strategies, such as P&I Solutions, Manufacturing 21, etc.
- 2) Diverse systems based on the roles and results sought by each working group and each function ranking.
- 3) System for promoting and supporting efficient, self-starting work styles and individual results.

In terms of actual measures, we have introduced the following: new work organization categories and new rankings, as well as a new wage system; application of a planned work-type discretionary labor system; commendations for timely work results.

The DNP Group is seeking to rebuild the personnel system by applying these new personnel system policies throughout the entire Group, with the system reflecting the individual characteristics and personnel strategies of each Group company.

● Shoring up and strengthening the operations of the Goal Management System and Goal Challenge System

One important factor in the effective operations of the overall personnel system is the evaluation of individual employees, which is closely tied to employee motivation.

The mainstay efforts in this regard within the DNP Group are the Goal Management System for leadership positions and the Goal Challenge System for general employees. Employees set their own goals each term, based upon a thorough understanding of the goals of their organization. Mutual understanding in regard to the “evaluation” is deepened through the *TAI/WA* of the employee with superiors, contributing to the employee’s self-enlightenment.

We have also established the MBO Project Team (MBO = Management By Objectives) so as to encourage this system to take root and increase its effectiveness, and since 2004 have been holding “Goal Establishment Training” nationwide, in which a total of 4,000 people have participated.



Employee Closeup

“I have had increased opportunities to have discussions with my colleagues.”

I think that the Goal Management System provides good opportunities through *TAI/WA* to reconfirm organizational and upper-level staff goals, as well as to clarify personal goals. Since attending training I have become even more certain of this. After training, the goal establishment which my subordinates and I conduct has become dedicated to setting goals and schedules that give a sense of satisfaction, incorporating new, qualitatively different indicators rather than just a systematic arrangement and quantification of issues and efforts. We also have achieved a higher level of mutual awareness about the roles, risks, and strategies of the people involved in the work toward realizing these goals. It is my hope that everyone will engage in close *TAI/WA* so as to allow them to display their abilities and achieve their own and the higher goals, and I hope also that they will show flexibility and alacrity toward changes in their environment.



Yuuki Nakanishi

General Manager,
Manufacturing Technology
Integration Laboratory,
Technology Development
Center

Support for employees seeking career advancement

● In-house Recruiting System

The In-house Recruiting System is one of the personnel systems for supporting career formation, along with the Self-Reporting System, the In-house Venture System, and the In-house Learning in a Different Department System. It gets high marks as a “system that provides opportunities for the selection of independent work as well as opportunities to expand the range of work,” and is aimed at achieving the effective use of personnel and the enlivening of organizations.

Personnel with specialized skills capable of bringing about the realization of new solutions, business development, technological development, or product development in line with the DNP Group’s business strategy are recruited from within the Group. The employee is given the opportunity to choose his or her workplace independently, helping with career formation.

DNP has had this system in place for more than 10 years, with approximately 350 persons selected out of a total of 1200 applicants.

● Self-Reporting System

Under this system, employees fill out a “Self-Reporting Form” once annually, in which they imagine what form they would like their career to take and describe the self-realization steps they would take to that end, as well as their desires in regard to workplace transfer.

That report is then submitted to the employee’s superiors, allowing the superiors to offer guidance and training to their subordinates through communication, while hastening the building of the employee’s awareness in regard to the practice of proactive self-realization. It also serves to create a free and vigorous atmosphere and a relationship of trust.

● In-house Venture System

Shifts in business models continue apace in a management environment that is experiencing rapid changes,

such as digitalization, networking, personalization, and globalization.

It has for some time been necessary to speed up the process of generating new businesses, and one way we have been meeting this challenge has been through our In-house Venture System, which was inaugurated in 2000. Under this system, an employee submits a new business idea, and if it passes an in-house examination DNP provides a variety of forms of support, such as funds, personnel, and equipment, with the employee that came up with the idea running the business as a manager.

This system provides a means for employees to form their own careers, and we also see it as a way to enliven the corporate culture.

Group companies established through the In-house Venture System

Company name	Date established	Type of business
CP Design Consulting	April 1, 2002	Personal information security consulting business
M's Communicate	September 12, 2003	Consulting business related to customer membership services
At Table	September 1, 2004	Sales promotion support for supermarkets
Mobile IMPULSE	January 11, 2005	Retail distribution through mobile phone shopping sites
YouToo	January 23, 2006	Mobile phone website operation featuring soccer and other sports content

● In-House Learning in a Different Department

Under this system, an employee can take the initiative in requesting the opportunity to gain experience in another department or office for a fixed term, after which the employee returns to his or her original position, where the knowledge and skills acquired can be put to use. This system expands the range of work that the employee can undertake, and also improves quality.

The employee’s superiors at the department to which he or she has been transferred provide support for the visiting employee’s goal attainment, and both the employee and the superiors at the employee’s original and transfer departments discuss the situation thoroughly so as to ensure appropriate reassignment after the employee has returned.



● Ample training programs

We aim to cultivate employees capable of laying out their own individual plan toward achieving their future vision and acquiring skills, and who can work with people both in and outside of the company as confident and responsible professionals functioning independently in their field.

DNP offers a variety of practical training programs for acquiring the necessary basic skills and specialized knowledge for each field, as well as for the development of self-management skills and human interaction abilities (human skills, conceptual skills), so as to support the career designs of each individual.

DNP also conducts practical courses in communication skill enhancement for managers and leaders, so as to

deepen their understanding concerning the need for a career development system that enables their subordinates to display their abilities to the fullest.

● Success Support Seminars for female employees

We began holding “Success Support Seminars” for female employees and their supervisors in 2006 with the goal of nurturing an organizational culture that allows our female employees to display their skills to the fullest.

These seminars include explanations of the DNP Group support system, introductions to successful role models and their career steps both inside and outside our company, and network meetings (discussions) for career formation.

Chart of training according to level

*CSR and compliance courses are always included in the training described below.

Level		Staff	Sales	Planning and development	Research and development	Technical Engineering	Production Management	Production
Leadership	Operation General Manager / Division General Manager	Division General Manager training						Plant Manager training
	General Manager	General Manager training / advanced management training						Production Control General Manager training
	Manager	Manager training / management foundation						Manager training
	Assistant Manager	New management-level employee training / New management-level follow-up training						Assistant Manager Training
General employee	Foreman							Foreman training
	5-6 years after joining the company	Step-up seminar						
	2 years after joining the company	Second-year follow-up education						
	1 year after joining the company	First-year follow-up education						
	Upon joining the company	New employee guidance education						Operations entry training



Female employees and superiors taking a Success Support Seminar



Network meeting at a Success Support Seminar for female employees

Efforts to create an energetic workplace

● Acquiring Kurumin, the next generation certification mark

We have been certified by the Tokyo Labor Bureau as a “Business Proprietor Conforming With Standards” in recognition of our support for education as called for by the Law for Measures to Support the Development of the Next Generation.

DNP focuses on the importance of balancing work and personal life, and has implemented an employment system that matches the lifestyle of each employee while we continue to develop our workplace environment.

We engaged in many efforts during the 1st Action Plan from April 2005 through March 2007, focusing on the areas of “Support for balancing work and life,” “Creating a flexible work environment,” and “Human resources labor management.” During the 2nd Action Plan period, which began in April 2007, we have been working to implement systems and create an environment which will make it easier for more of our employees to work easily, while we seek to improve the understanding and functioning of the workplace systems.



* Certified among the Group companies are DNP Information Systems (by the Tokyo Labor Bureau) and DNP IMS (by the Okayama Labor Bureau).

DNP's Main Efforts

- Change of name from “Childbearing Leave” to “Childcare Leave,” and increase in the term
- Harmonization of the increase the Childcare Leave term with the limit of the number of times it can be taken
- Increase in the length of time for use in the Part-Time Work During Childcare System
- Implementation of the Re-Work System
- Implementation of the Family Care Leave System
- “Companywide Meetings for Life/Work Balance Support Measure Facilitators”

● “re-work” System

We have been expanding our support for “next generation education” and “balancing life and work” through programs such as the “Part-Time Work System” and the “Workplace Return Program,” but there are also cases in which leaving work is unavoidable due to marriage, childbirth, childrearing, and nursing care. Many of our former workers who have been in such circumstances find that later on their living situation has changed, and that they would like to work again. We are therefore expanding the array of choices corresponding to the diversity of career plans and life plans, so as to meet such needs by matching the needs of the individual with those of the company, while reutilizing that worker's cultivated specialized knowledge and work skills in the Group.

We can meet a diversity of needs by using the “Group Hello Work” organization, which functions as the information organizer/provider and consultation desk for both parties, to manage DNP Group recruitment information comprehensively. This makes for a smooth transition from leaving work through re-employment.



Employee Closeup

“I have begun working again with a new spirit”

I left work temporarily to have a baby, but I have begun working in the DNP Group again through the Re-Work System after a 2-year absence. Having a baby and childcare after leaving work was tough, but at the same time I was able to study for some qualifications that I had wanted for some time, and I did want to get back to some kind of work quickly. My former boss told me about the “re-work System”, and I was able to go back to work for the DNP Group again. The other moms I know have told me that the DNP personnel system sounds really comprehensive. I think more employees should become familiar with the “re-work System” so that people who want to use it can do so with confidence.



Kyoko Kusano

System Development,
DNP Information Systems



Please visit our Web site for further information.

- Efforts to Create an Energetic Workplace:
Respecting Diversity/Flexible Work Styles/Creating Healthy and Safe Workplaces

● Back-to Work from Childcare Program

The number of employees returning to work after taking leave for childbirth or childcare is increasing every year. Nevertheless, many such employees feel uncertain or confused about what to do, because, for example, there may be nobody with that experience available for consultation, or there are no precedents to found at their workplace.

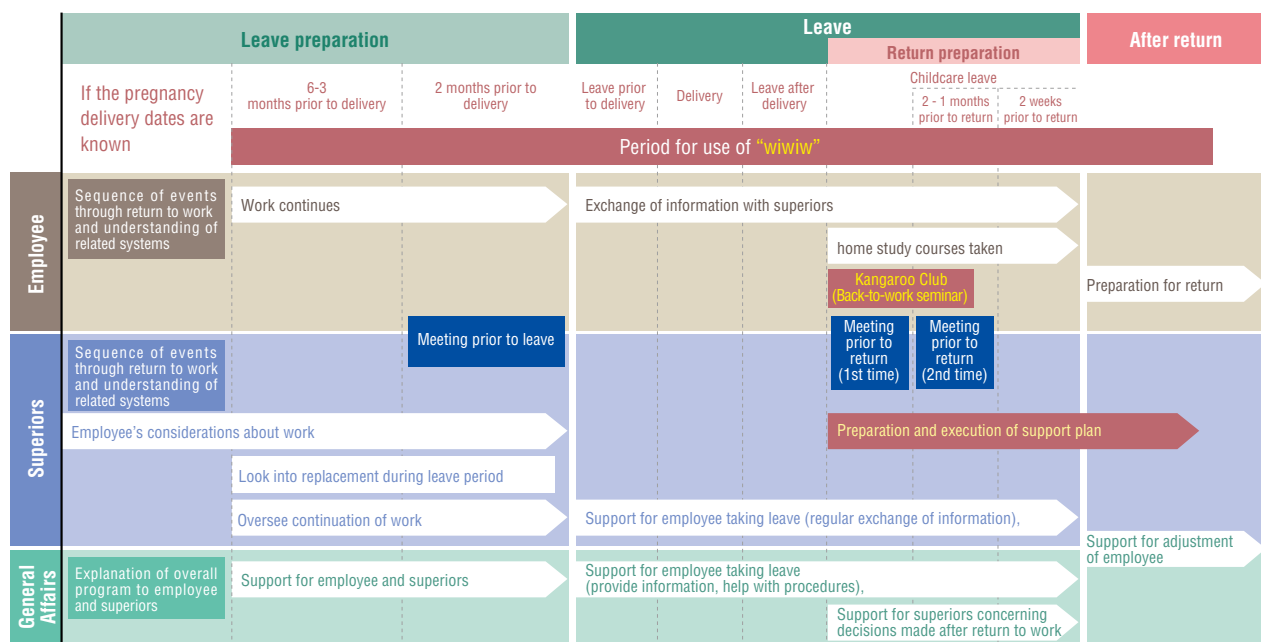
The “Back-to Work from Childcare Program” constitutes an effort to support employees who need to feel secure about taking leave for childbirth or childcare, and for their smooth return to the workplace afterward.

We use three measures for a “mutual understanding of the system” and “smooth communications”:

- Plan sheets (a data and procedural sheet allowing the use of the system and with the necessary information in each context);
- Internet program for support of the return to work for the person taking leave for childcare “wiwiw”;
- “Kangaroo Club” return to work seminars.

These are intended to improve communications, not only between the person taking leave and his or her superiors and the general affairs coordinator, but also with employees and seniors at the same workplace.

Back-to Work from Childcare Program



Azumi Tsujimoto

Sales Division, Electronics
Device Operations



Employee Closeup



"I hope many people use the 'Return to Work Program'"

I am really glad to have the understanding of my superiors and everyone else at work. I got advice about mental preparation and strategies for balancing life and work by attending the Kangaroo Club, and by using the Part-Time Work System after coming back to the workplace I was able to create a lifestyle rhythm that was not too taxing. I would hope that many others will try out this system.

Ms. Tsujimoto was the first of my subordinates to take childcare leave. This program turned out to be very useful, not only during her leave period, but also when I was working out how to make it less difficult for her when her workload increased prior to taking leave and in the 3-month period after her return. I think it is a very well-constructed setup.



Masao Kuwako

Sales Division, Electronics
Device Operations



Mental health guidebook and original DVD

● Senior Staff System

Faced with the aging/low-birthrate phenomenon in Japanese society and the increasing need for older workers, the DNP Group introduced the Senior Staff System in October 2000 as a personnel reemployment system by which we hope to achieve the following goals:

- To respond to concerns about future increases in the pension eligibility age by expanding work opportunities for people age 60 and older;
- To enhance the overall ability and “strength” of the DNP Group by making effective use of the abilities and experience cultivated at work by people who have already reached the mandatory retirement age.

In April 2006 we clarified the necessary qualifications for participation in this program.

In principle, the rehired employee will remain in the unit in which he or she is working as of retirement age, so as to make sufficient use of the experience and knowledge already gained there.

We efficiently conduct the matching of employee's intentions with requirements of the company by registering employee's needs in advance.

● Efforts for the physically challenged

“Normalization.” This word expresses the basic philosophy of the DNP Group with regard to the employment of the physically challenged. “Normalization” of course is derived from the word “normal,” and from the DNP Group’s perspective employment of the physically challenged is “normal” or “regular.”

We apply this philosophy by recruiting the physically challenged year round, and we work voluntarily with public institutions in holding interviews and mini-interviews with them. Managers and leaders at worksites are also given normalization seminars, assigning courses and other necessary training, and by creating a working environment in which the physically challenged work together with the able-bodied we achieve a workplace at which everyone can feel motivated to work with great energy.

● Support for health maintenance promotion

We employ a Total Health System founded on the three

health maintenance pillars of prevention, examination, and treatment, with the goal of supporting the health of our employees and their families. The Total Health System meets a broad array of needs through the DNP Health Network (telephone consultation), health consultation office, nutrition counseling, exercise counseling, mental health counseling, a mental health consultation office, clinic, comprehensive health testing, nursing care consultation services, etc.

We focus on health from the long-term perspective, emphasizing lifestyle diseases and metabolic syndrome prevention and the establishment of mental and physical health. At the same time, we are strengthening support for health promotion that meets individual needs. This approach amounts to summing up our corporate culture as “Health itself, and an approach that values efforts toward maintaining health.

● Mental health care

We engage in thorough education about mental health and are expanding our mental health consultation desks, because we believe that mental health must be maintained and strengthened just as physical health. We are continuing to proceed with mental health education as we did in the last fiscal year, and we are also distributing guidebooks and DVDs and holding mental health courses and lectures for managers. We also started a new self-care course for regular employees in fiscal 2006.

In consideration of the psychological burden of employees wishing to consult with a specialist, for their convenience we have established a counseling room outside the company, in addition to those we already have (mental health consultation office, 24-hour telephone consultation, etc.).

● Productive Time Resource Project activities

One effort unfolding as a result of the efforts that went into the Joint Labor-Management Declaration is the Productive Time Resource Project, which is proceeding through the joint efforts of labor and management. By labor and management both fulfilling their respective roles and working cooperatively, time resources are generated for each indi-

vidual employee. These time resources can be used to develop new products or to improve personal life. Labor and management will work together every year to deliberate and determine companywide policies emphasizing the productive use of time resources, upon which policies the daily activities of the company will be based.

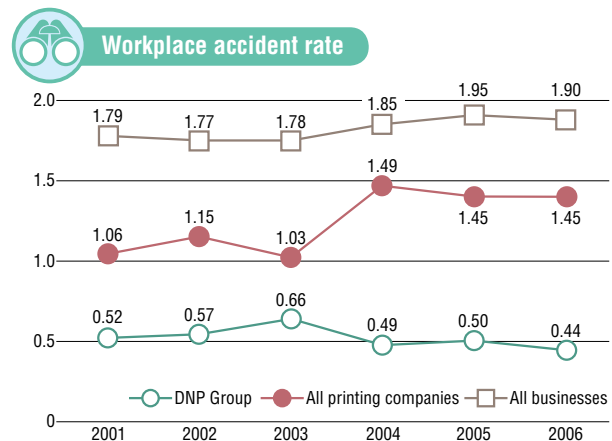
● Sexual harassment policy

Our policy is “zero tolerance for sexual harassment,” and the DNP Group has established group-wide prevention measures. Zero tolerance for sexual harassment is enshrined as a work regulation, and we work to ensure that each employee is aware of this. We also implement training for managers and leadership positions.

We established our Anti-Sexual Harassment Rules in April 2007, with the goal of maintaining a sound workplace environment with no sex discrimination and with *TAIWA* established as a core value. These rules provide the necessary means for prevention, quick identification of problems, and proper resolution. We have also established a consultation office open to all Group employees, and have begun training by experts of the general affairs personnel at each site including every group, so as to increase their skills.

● Workplace safety

We practice risk assessments for the prevention of workplace accidents. We follow risk evaluation standards based on the analyses we have performed up to now to identify areas of risk in the production process during the course of daily safety activities. The workplace is then made safer by repeating the risk reduction cycle that is determined according to the evaluation and subsequent measures. Our basic safety maintenance philosophy is “Focus all knowledge on maintaining and enhancing workplace safety, and always seek improvement.” We eliminate risk and conduct reduction measures, in addition to including equipment for the onsite workers with the perspective of safety specialists. We also seek to improve in terms of management through analysis of the basic risk generation factors.



● Secure Working Environment

DNP has created an earthquake response outline and a central disaster prevention basic plan, in order to secure employees' safety, restore functioning to workplaces, and support employees' families and local residents in the event of a disaster.

We established “Disaster Prevention Councils” in operations and Group companies at our headquarters and in outlying areas. In the event of an earthquake, these councils are prepared to automatically begin functioning as response headquarters. Six action teams are to take specific disaster prevention measures and earthquake response measures, with each team taking responsibility for human rescue, care of buildings, asset protection, business operations, PR, or community aid.

Beginning in 2006, BCP (Business Continuity Plan) Creation Teams were established within the central Disaster Prevention Councils, and they have begun establishing measures for high-priority businesses. Furthermore, by shoring up the emergency communications network system, which consists of disaster wireless systems at 29 business sites in the Kanto area and satellite phone facilities at 42 sites nationwide, we are able to provide prompt and appropriate assistance not only for the business affected by the disaster, but also to regional residents and businesses.

In certain areas we also use the Emergency Earthquake Information* provided by the Japan Meteorological Agency. This system provides an alert that major seismic activity is anticipated, activating our damage control measures.

*Emergency Earthquake Information

This is information reported as quickly as possible; magnitude and scale are determined according to the observed data recorded immediately after an earthquake occurs, and based upon this the time of shock occurrences and the magnitude at each location are estimated.

P&I Solutions

Goods and services provided by DNP are used in a wealth of items that consumers encounter every day, from books and magazines through TV and computer displays, semiconductor equipment in mobile phones and electronics, Smart cards for banking, home and auto interiors, and food and beverage packaging. DNP works with customers to create new values and support the functioning of society. DNP's P&I Solutions is finely attuned to the needs of the times, and works with customers and consumers to resolve issues. P&I Solutions offers success to customers and a richer life to consumers.

Advancing P&I Solutions

Issues are discovered through *TAIWA* with customers, and P&I Solutions are generated to resolve them. Examples of issue resolution are shared broadly throughout the company, and often provide hints at solutions for other problems of other customers. While this does not mean that identical solutions can be applied, the process by which the solution has been drawn out of an issue is useful in coming up with ideas.

In October 2006 we created a space in the DNP Gotanda Building dedicated to the sharing of such solution examples, where many employees are able to engage in *TAIWA* about them and make new discoveries.

P&I Solutions are developed as the result of work contracted from customers. In addition to our approach of “contributing to the creation of an emergently evolving society,” DNP is beginning efforts to plan and construct the means for realizing an emergently evolving society intentionally, by conceptualizing the “emergently evolving

society scene.”

In addition to the “Open Innovation” we engage in through our ties with the “knowledge” of other organizations, such as universities, companies, and local authorities, we are also engaging in “communication” with “consumers” that engenders “emergent evolution,” and research into the “community” that supports this “communication,” and subsequently the “social foundation/infrastructure” that is produced by this “community.”

We also hold seminars from which we select themes connected to P&I Solutions and conduct joint research. This has resulted in our publication with Keio University SFC of “The Emergently Evolving Society: A Message from the Keio University SFC~DNP Emergent Evolution Project.” We will continue in efforts to transform the themes emerging from such seminars and research into business applications.



Example of progress

● DNP's UIM Cards Do Their Part in Supporting the Telecommunications Infrastructure

The number of mobile phone (including PHS) subscriptions in Japan has topped 100 million. The use of mobile phones has spread to 79.6% of the population (as of March 2007), and they have become an indispensable tool for life and business.

Did you know that DNP's Smart cards are being used in mobile phones? NTT Docomo's 3rd generation FOMA* mobile phones use them as their UIM (User Identity Module) cards. The UIM card records important and necessary subscriber information, such as telephone numbers, network contracts, etc., when the phone is used. If this card is not installed the telecommunications functions of the phone cannot be used, while at the same time the system is made convenient by allowing the phone to be used just by switching the card without changing the contract.

DNP has been developing Smart cards since 1981, and has been manufacturing a variety of Smart cards for a broad array of applications, such as credit cards, cash cards and employee IDs. We have also offered mobile telecom-use cards since the car-phone era for onboard applications, and we have been working together with NTT DoCoMo in developing the world's first 3rd generation mobile phone-use UIM cards. The latest version of these was released in 2006, with these high-quality, high-security cards doing their part in supporting the telecommunications infrastructure that our modern society cannot do without.

*FOMA is a registered trademark of NTT DoCoMo.



Client Comment

"It's easy to get the idea across; I trust DNP."

We began our third-generation "FOMA" mobile phone service in 2001. The development project for UIM to be used in FOMA started several years before FOMA went on sale. We planned to be the first in the world to introduce the UIM card, which can be used worldwide, and together with DNP we took up the challenge of doing the research, specification, planning, and development. As a manufacturer, DNP has a lot in common with our company in terms of corporate culture, and the ability to connect smoothly with DNP's Sales & Development Team made for a sense of trust right from the start. That relationship continues to this day.

I had the opportunity the other day to tour DNP's production facilities, and saw just how solid their security controls are. There have been no bugs in the production process so far, and we feel safe putting our trust in their craftsmanship. We are looking forward to maintaining this level of quality while we face coming challenges, such as boosting UIM storage capacity, together with DNP.



Mitsuru Murata

Director of Product Development Group
Communication Device Development Department
NTT DoCoMo, Inc.



Self-service digital print system, "PrintRush"

● New communications through printing

There has been a major shift in consumer attitudes toward analog cameras, which provided the bulk of DPE shop photo printing business up to now. The use of digital cameras has spread rapidly, and consumers are making their own prints at home. DNP's self-service digital print system, "PrintRush," is the solution we offer in response to the increasing need for low-cost, fast, high-quality, on-the-spot, simple photo printing, as well as to the diminishing number of DPE shops. PrintRush uses dye sublimation thermal transfer to attain picture quality equal to silver halide photography, and offers the fastest printing speed in the business, at 3 seconds per print. It also benefits the new lifestyles of our customers through its superior operability and easily understood print pricing system.

In addition, we offer other solutions such as our "Ki-Re-i" ID photo boxes, which many customers choose for their resume, passport, and other ID photo needs, and our "CENTURIA" series of color printing paper and film. DNP seeks to offer new communication methods in the digital age that were not available through analog age "printing."



Client Comment

"Epoch-making printing speed and quality!"

The PrintRush units installed at all of our stores are always bustling with customers, who find it easy to use them to print photos from their mobile phones and digital cameras. Many of them are repeat customers, because the PrintRush is simpler and faster to use than home printers or other similar equipment, and it produces better quality prints. We therefore see PrintRush as a good tool for attracting increased numbers of customers to our stores, where they will have the opportunity to look over and purchase other merchandise. The latest PrintRush model reads data more quickly and has a more conveniently located memory media slot, improvements that reflect the opinions expressed by our customers and those of us at the store. One gets the feeling that DNP really pays attention to what the user wants. I am a photography lover myself, and I print out about 500 photos a month. I was recently able to use a nearby PrintRush for the speedy printing of photos of a dinner party with visiting relatives. I gave them prints on the spot, and everyone was very pleased. We were able re-experience the dinner and the memories of a few hours earlier by looking at these prints, and I once again became aware of the power of communication through photography.



Yu Horikoshi

Director, General Manager, Product Dept.
BIC CAMERA INC.



"Ki-Re-i" ID-photo box



Color film



Film with a lens



Inkjet paper

● Technology offering cozy living spaces

DNP has been applying and developing printing technologies to the decorative interior business, such as doors, walls, ceilings, and floors, since the 1950's. While our decorative materials must of course have fashionable designs that brighten up living spaces, they must also possess the functionality that supports comfort. DNP has developed in EB coating technology for more than 20 years in pursuit of improved functionality, and we apply this experience in creating our decorative products.

EB coating uses EB (Electron Beam) radiation for the instantaneous hardening of coating resin. EB coating provides better scratch and stain resistance and less fading or deterioration than the urethane or UV resin coatings used up to now, and is superior in terms of durability, usefulness, and quality consistency. It requires only one second of radiation for hardening, eliminating the need for drying, making high-speed production possible and producing great benefits in terms of the environment, such as reduced energy consumption and fewer CO₂ emissions. EB coating uses no toluene or xylene, which can be responsible for "sick house" syndrome, providing a sense of safety and security to consumers.

Human living space needs are evolving as we enter the 21st century, with concerns about the "environment" and "health" being added to "design" and "functionality." DNP's development of EB coating technology anticipated this evolution, and is being applied to a variety of decorative products so as to support even cozier human habitation.



Client Comment

"DNP is providing flooring materials with very high added-value."

We have always offered our homes to new owners in pristine condition, which has meant fixing or changing interior furnishings that were scratched, scraped, or otherwise damaged during the construction process before we hand over the keys. DNP began offering its EB coating flooring about a year ago, and we have found a marked decrease in damage in new condos in which it was used. The building contractor, has expressed great pleasure with this product, noting a "reduction in scheduling and construction expense losses." It also enables us to create living spaces with designs and colors that impart the same impression as the condo buyers get at the open house. Owners have remarked after moving in that the flooring is "durable and easy to care for." I think this really is "high-quality, next generation flooring." I am looking forward to seeing what DNP's technological prowess comes up with next.



Masakatsu Hirai

Operating Officer and Deputy Manager
of the Tokyo Construction Branch Office
Sumitomo Mitsui Construction Co., Ltd.



Management in Support of P&I Solutions

R&D for contributions to the emergently evolving society

● DNP's R&D

DNP seeks to solve the issues faced by our customers and consumers and to create new values through a synthesis of the printing technology (PT) and information technology (IT) that we have cultivated over many years. We believe that contributing to society through our business is fundamental to our CSR efforts.

During a time of great changes in market trends and technologies, we maintain the trust of our customers by spurring our R&D Division to develop our own technologies, creating the seeds of new solutions and offering higher-quality solutions.

● DNP's technology development



RFID

1) Increased information processing sophistication
Information processing, which was fostered through printing technology as a communication medium, is becoming more and more sophisticated as the networking society develops. We are developing digital printing technology that brings personalized elements to mass production, security technologies for improved data security, and processors such as Smart Cards and RFIDs that further modularize information processing.



MEMS

2) Precision patterning
Printing, which is the mass-production of precise patterns, is a manufacturing technology for which we seek thoroughgoing improvements and advances. We are, for example, developing semiconductor photomasks that require ever smaller nano-scale circuits, as well as ultra-miniature three-dimensional structured Micro Electro Mechanical Systems (MEMS), Ink Jet Technology, and manufacturing innovations for display components using printing technologies.



IB Film

3) Increasingly intelligent materials
Incorporating more sophisticated nanomaterials technology in printing techniques make products with more sophisticated and complex functions. Other areas of interest include gas-barrier packaging that will enable the long-term storage of processed foods, safe and environmentally-conscious building materials, advanced optical film for clearer displays, and digital photo materials. We are also beginning to turn our attention to the bio and energy areas.



What is PT (Printing Technology)?

PT is the core reproduction technology that makes information or functions take shape.

- **Materials technology:** Synthesis of new materials and dispersion/mixing technologies. Examples: Planning and manufacturing technologies for inks and adhesives, photosensitive materials, coatings, etc.
- **Patterning technologies:** Technology that causes letters, pictures, or patterns to take form on a base. Examples: printing technology, typeset/offset/gravure printing, lithography, inkjet and other non-solid printing technologies
- **Conversion technologies:** Technology for changing the form of materials, or materials processing such as by combining materials. Examples: Processing technologies for film, paper, and other materials, such as membrane manufacturing, coating, lamination, excipient, transfer, cutting, polishing, bag manufacturing/forming, and book technologies

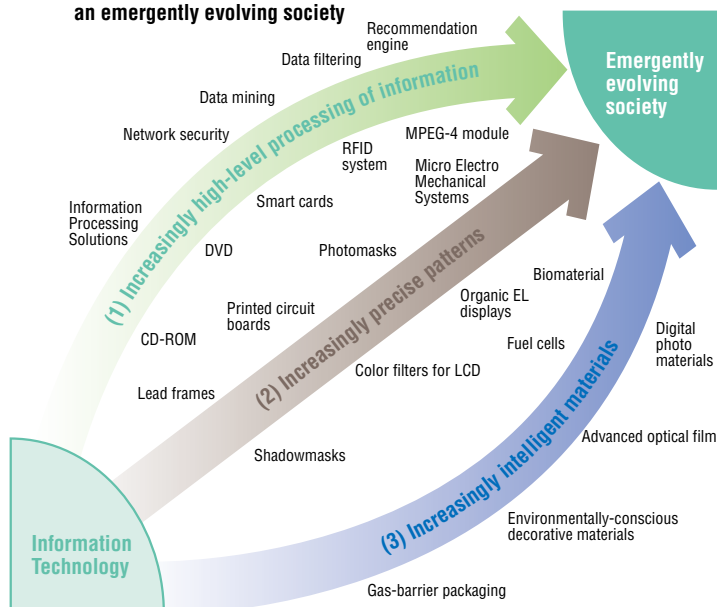


What is IT (Information Technology)?

IT is the core technology that makes human communications rich and rewarding.

- **Information processing technologies:** Input/output, conversion, synthesis, compilation, and transmission technologies. Examples: Text and picture processing, editing technologies, database compilation technologies, CG technologies
- **Human Media Interaction (HMI) technologies:** Technologies related to the interaction of humans with information. Examples: font design, expressive technologies such as color matting, IF technologies, natural language processing technologies
- **Data security technologies:** Technologies for the accurate transmission of the correct subject, retention, and improper use prevention. Examples: Code processing technologies, personal data processing, control technologies, copyright maintenance, biometrics

DNP Technology: Advancement seeking an emergently evolving society





CSR Web Report

<http://www.dnp.co.jp/csr/2007/33e.pdf>

Please visit our Web site for further information.

- Research & Development for Contributions to the Emergently Evolving Society: Research & Development System/Investment of Research and Development
- Intellectual Property Rights Management Efforts: Framework for Promoting Intellectual Property

Intellectual Property Rights Management Efforts.

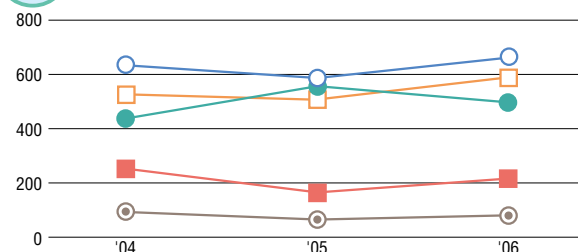
Intellectual property

DNP aims to create and nurture intellectual property with strong business values, and also to improve its quality, so as to make P&I Solutions a reality. We have created a structure for the acquisition, management, and protection of intellectual property, such as patents, while at the same time ensuring that we do not infringe on the patents of other companies.

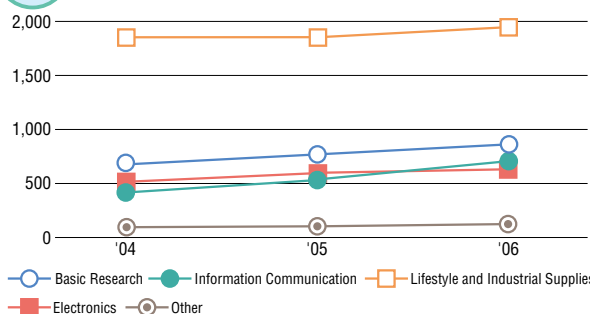
We educate and enlighten our employees about intellectual property so as to create a corporate culture in which all laws and regulations pertaining to intellectual property are upheld.



Number of patents and utility model rights held



Number of patent disclosures



Outline of Activities

- 1) We maintain and operate an intellectual property training system to improve our intellectual property generation and application skills.
- 2) We encourage intellectual property generation and its application by our employees through an appropriate intellectual property compensation system.
- 3) We promote preliminary technology studies and data usage environment improvement so as to be sure to generate intellectual property while preventing the infringement of the rights of existing patent owners.
- 4) We evaluate the quality of inventions, make revisions to the supplementary/inspection application for important applications, and accordingly evaluate the results of external businesses while seeking effective practical use.
- 5) We have constructed and operate a system for properly maintaining rights we have acquired.
- 6) We shore up inventions by evaluating and improving each important intellectual property owned by our company, and support business operations in the achievement of their targets.
- 7) We enforce a strategy for ensuring our intellectual property rights in accordance with our business area strategies.
- 8) We maintain and properly apply a patent portfolio that takes into account other companies as regards the theme of each business domain.
- 9) We provide guidance and education about hypothetical risk appearance and reduction in the event that there is a business shift away from the established business domain of a business operation.
- 10) We hold lectures concerning intellectual property laws as they relate to our clients (copyrights, premium and representation rules, trademarks, etc.), and support the business of our clients.
- 11) We support our clients' business by acting for them in trademark investigations.
- 12) We align all agreements with our business activities and present them to our business operations, which are instructed to comply with all agreements.
- 13) We cultivate a fair corporate culture by educating and enlightening our employees about intellectual property so that they will properly advance our rights while respecting the rights of other parties.
- 14) We dispatch representatives to all intellectual property organizations (Japan Intellectual Property Association, Japan Fair Trade Commission, Licensing Executives Society JAPAN), so as to contribute to the creation of an advantageous environment in the industry by offering positive recommendations.

Delivering products and services with the highest standard of quality in the world

Promoting "Manufacturing 21"

We at DNP believe that as a corporation our primary social responsibility lies in providing products and services that actually exceed the expectations of our customers and consumers. In order to focus on maintaining and enhancing a level of manufacturing that produces safe goods with the highest standard of quality in the world, in 2005 DNP created the "Quality Policy," with all DNP Group units and employees participating in "Manufacturing 21." We have quantified activity targets and result indicators for quality, cost, delivery, and environmental aspects, and we seek to achieve these targets and eliminate all waste by opening this system up to all employees. We also seek to encourage *TAIWA* not only within each business operation, but across operations as well, while at the same time continuously working to provide solutions to client issues by maintaining daily *TAIWA* with them.

Acquiring certification for quality assurance

We are making all efforts to acquire a variety of certifications so as to continuing making steady progress in quality improvement.

All of our business operations have acquired ISO9000 series certification for quality management, as well as HACCP9000 certification for food safety and quality sys-

tems in our packaging operations.

We are currently proceeding in the area of information management with acquisition of IT security certification (ISO/IEC15408) for the handling of credit cards, securities, and other business documents, "privacy marks" for personal information, and Information Security Management Systems (ISO27001/ISMS). (See page 7)



Quality Policy

1. We synthesize printing technology and IT under the "P&I Solutions DNP" banner, offering products and services with the highest standard of quality in the world as solutions to issues facing our customers, and gaining the trust of our customers by maintaining and exceeding that level.
2. Our mission is to provide products and services that are safe and environmentally-conscious, and we seek to minimize environmental impact.
3. We shall develop the world's leading edge production technologies, and the highest global standard of efficiency in our manufacturing system.
4. All employees shall be united in seeking to maintain and continuously improve a quality system that consistently satisfies our customers, through *TAIWA* both inside and outside the company and our "Observe, Listen and Think Carefully" policy.



PQS Award Given by Intel Corporation

DNP was named a recipient of Intel Corporation's Preferred Quality Supplier (PQS) award for outstanding performance in providing products and services deemed essential to Intel's success. The company was recognized for its efforts in supplying Intel with photomasks.

"DNP has delivered excellent mask support to Intel as a technology partner, second source mask supplier, and business continuity provider," said Chiang Yang, vice president, Technology and Manufacturing Group, and director of technology, Intel Mask Operations. "Winning Intel's PQS award represents DNP's commitment to excellence and continuous improvement. We truly appreciate DNP's results orientation and customer focus and want to congratulate them for receiving this award."



Award ceremony

* Manufacturing 21: This is a Group-wide project to create a muscular manufacturing structure responsive to changes in the marketplace, with the goal of realizing the DNP Group's Vision for the 21st Century. We are creating a manufacturing structure capable of constant improvement and continuous, sustainable strength, so as to improve profitability and asset efficiency in our manufacturing.



CSR Web Report

<http://www.dnp.co.jp/csr/2007/35e.pdf>

Please visit our Web site for further information.

- Acquiring Certification for Quality Assurance:
ISO9000 Certification Status/HACCP9000 Certification Status
- Efforts to Create a Crisis Action Plan:
Survey on Earthquake Risks
- Realizing a Universal Society:
Packaging Design Guidelines - USE-FULL® Packaging -

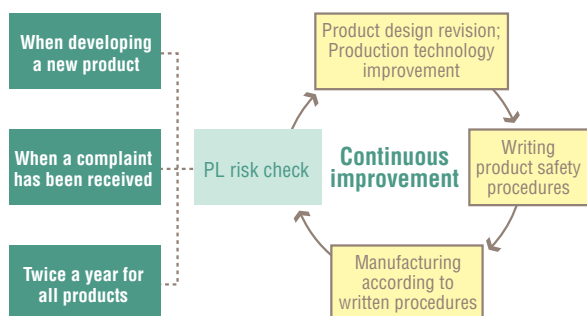
● Product safety management system

Our basic policy regarding product safety is to work to fulfill our social responsibility by not only producing products consistent with the relevant standards and laws, but also exceeding the needs and expectations of customers.

Continuity is important in product safety efforts. We conduct a risk evaluation of all product lines twice a year, and based upon the results we make design changes and technological improvements to ensure safety. Our Product Safety Standards are set out in document form for application.

In addition, we have been conducting PL training seminars since 1994, and began employing our Intranet network for this purpose in fiscal 2000. 14,058 employees have completed the network seminars in total.

Product safety management model



● New safety response for consumer products

The May 2007 revisions to the Consumer Products Safety Law are aimed preventing the recurrence of product accidents through the accumulation and disclosure of product accident information about products that consumers use in their daily lives. DNP has established the Product Safety Committee as the body in charge of the safety of DNP Group products. In the rare event of a product accident, all information about that accident is consolidated by the Committee. The DNP Group Product Safety Regulations stipulate the operation that is to create a strategy for handling the accident, to publish information, and other measures for ensuring a timely and appropriate response that will prevent damage from spreading.

The DNP Group extends the Product Safety Management System to cover all products, not just consumer products.

● Efforts to Create a Crisis Action Plan

The long-term loss of our functions and ability to conduct business during a crisis caused by, for example, a large-scale natural disaster or fire could seriously affect and cause trouble for our clients and our many stakeholders. DNP would as a result lose not only sales, but could also trust and suffer brand damage; the impact of such an event could even threaten the continued existence of the company. As part of our overall crisis management, DNP has therefore created a BCP (Business Continuity Plan) to serve as the action plan in the event of a crisis and minimize risk.

In creating an action plan in the event of an earthquake, which is the scenario of greatest concern, we are looking into the types of measures necessary to business continuity in the event of an earthquake of magnitude 6. A great deal of our business is international. It would be difficult to contract our production to other companies, and the impact on society would be large, so we have completed a BCP for the Electronics Business Division, and are in the process of establishing BCPs for the Information Systems Division and the Information Processing Solutions Operations.

● Realizing a universal society

We have set up a Universal Design (UD) promotion group at headquarters, with the goal of creating products that can be used safely and comfortably by everyone, especially the elderly, pregnant women, and children. Efforts in this area include "Color UD," which is important in printing, as well as attempts to create printed materials that convey information accurately. The "DNP's Five criteria for Universal Design" are followed with particular care in all stages of packaging design, including planning, development, and design, with consideration given to easy-to-understand labeling and enhanced usability, so as to offer packaging that consumers will find it a pleasure to use.

We are working to promote UD, and introduced our UD efforts at the "2nd International Universal Design Conference 2006 in Kyoto."

We are promoting Integrity practices together with our suppliers.

Along with working to create value for ourselves and our customers, DNP is also working to enhance the compatibility with society of the entire value chain. The existence of superior goods and services is pointless if the production or procurement processes are not in tune with social norms. We are moving forward with a variety of management measures with the goal of attaining high value creation that is in tandem with a strong compliance awareness.

● DNP Group Purchasing Policy

DNP seeks the cooperation of our suppliers of materials, equipment, construction supplies, and other items so that society, DNP, and the suppliers can all achieve sustainable growth. To this end, in March 2006 we amended our Basic Procurement Policy, and established our Group-wide DNP Group CSR Procurement Criteria.

Basic Procurement Policy

Fairness: In choosing suppliers, we follow fair competitive principles based on comprehensive judgment encompassing quality, price advantage, assurance of delivery, follow-up services, reliability, and technical capabilities.

Equal Opportunity: As regards procurement, we believe in being positive in purchasing materials that meet our financial- and quality-related criteria, without adhering to our existing suppliers regardless of whether a supplier is based in Japan or abroad.

Mutual Development: Through fair business transactions, while endeavoring to build mutually trusting relationships with the suppliers with whom we conduct business, it is our hope to maintain relationships that contribute to mutual development.

Social Responsibility: Through mutual understanding and respect for all laws, regulations, and business customs in our business transactions, our company and the suppliers, with whom we conduct business, believe that we must fully live up to our social responsibility, without neglecting to give due consideration to labor conditions, conservation of natural resources and the environment.

DNP Group CSR Procurement Criteria

At all of their branches and collaborating companies, DNP and the suppliers that provide DNP with raw materials, machinery, buildings, and other items, domestically as well as abroad, shall carry out CSR (corporate social responsibility) efforts in the areas described below.

(1) Compliance with Laws and Social Norms

- Establish corporate ethics policies and regulations, and promote measures to ensure compliance with laws and social norms.

(2) Preservation of the Environment and Product Safety

- Provide a safe, healthy, and sanitary environment for employees and neighboring residents.
- Comply with related laws and regulations to strictly control all steps leading up to the final disposal of wastes.
- Put priority on purchasing items that have a minimal environmental burden, including parts, raw materials, equipment and materials, and office supplies.
DNP's green purchasing efforts are listed on P48.
- Proper management of chemical substances is conducted in compliance with various laws related to protecting the environment as well as the DNP Group Management Criteria for Chemicals.

(3) Compliance Regarding Labor-Related Matters

- Equal opportunities for all employees, elimination of discrimination, and respect for and consideration of human rights are put into practice.
- A system is in place and put into effect to prevent inhumane labor practices, such as child labor and forced labor.

(4) Compliance Regarding Information Security

- A very thorough system has been set up, comprised of a basic policy, internal regulations and other measures, as well as an educational and training program for the employees, to prevent the unauthorized release of information, such as personal information or confidential information obtained in the process of conducting business with other companies.

(5) Protection of Inside Informants

- An internal help desk has been set up where employees can bring their concerns, making it possible to prevent problems from occurring or to detect them in the early stages. Moreover, measures have been established to ensure that employees who bring up these problems do not suffer any retaliation.

(6) Compliance with Rules for Fair Competition

- DNP carries out its corporate activities in compliance with business relevant laws and regulations as well as in accordance with the rules for fair competition.

The DNP Group believes the abovementioned CSR Procurement Criteria to be an essential requirement for carrying out business transactions. We will be checking periodically to ascertain to what degree these criteria are being observed. It is our sincere wish that all of our suppliers have a clear understanding of our CSR Procurement Criteria and make every effort to carry out their activities in accordance with the Criteria.



CSR Web Report

<http://www.dnp.co.jp/csr/2007/37e.pdf>

Please visit our Web site for further information.

• To Promote Reputable Activities with Suppliers:
Requests from the DNP Group to its Suppliers

● Supplier briefings and surveys

The DNP Group has, in the 8-month period since May 2006, conducted 28 briefings for 3,300 suppliers in 8 cities throughout Japan, including Tokyo, so as to elicit compliance with the CSR Procurement Criteria.

In addition, DNP also conducts regular surveys of compliance by suppliers with the CSR Procurement Criteria. These regular surveys seek to determine compliance in areas such as management systems (ISO acquisition), environmental stipulations (chemical substance management, waste disposal, health and safety measures, etc.), and social responsibility (legal compliance, human rights compliance, risk management, and others).

DNP continued conducting regular surveys in fiscal 2007 so that we can unite with our suppliers in seeking to realize a sustainable society. We are also looking into holding on-site inspections and seminars.

We listened to the reactions of our suppliers to our efforts:

- We do business with DNP everywhere, and as a group are responding to the CSR Procurement Criteria. We are currently in the process of drawing up a plan.
- We were just at the point where we were moving forward as a company with obtaining ISO certification, and the DNP CSR Procurement Criteria gave us a push toward doing so.
- While we were already aware of the CSR concept, when we looked at the survey form we became aware of some things we hadn't thought of. There are portions that are in line with internal controls and the New Corporate Law, and it is one factor behind the structural reforms in which we are engaging this term.
- We conduct strict control of chemical substances. We took the DNP Chemical Substance Survey as an opportunity to implement the same controls on the products we deliver as other companies have.



Supplier Comment

"Let's contribute to society together based on a strong relationship of trust."

Our company has become closely tied in a strong relationship of trust with DNP over many years through our chemical products business, mainly for packaging and industrial film products.

Our CSR is founded on our basic company ethic, which is based on the proverb, "Listening to reasons leads prosperity." This is also our code of conduct when it comes to our stakeholders. The DNP CSR Procurement Criteria clarify DNP's stance toward both its suppliers and social responsibilities. As a partner of DNP, we are working to develop low-environmental impact products and engage in green procurement, and to do our part in building a sustainable society.



Ryoichi Oike

Manager, Environment & Safety Group
Environment & Safety Department
Toyobo Co., Ltd.



Supplier Comment

"Attending the information sessions enhanced our CSR efforts."

We have operated for 53 years as a processor and seller of packaging materials. DNP is a special client to whom we deliver special paper and a variety of packaging materials, so compliance with their CSR Procurement Criteria is an especially important and necessary issue for us. We have been engaged in explaining the significance of CSR to our employees at meetings and conferences since attending the information sessions, and this has enhanced our awareness of CSR throughout the company. In addition to our environment efforts (we have acquired ISO14001 certification), we are starting an internship program (work experience for students) and are seeking to contribute to society in the spirit of "Good for the buyer, good for the seller, good for the community."



Shoichiro Negishi

PRESIDENT
KANTO PROCESSED PAPER Co., Ltd.

IR Activities

We put maximum effort into Investor Relations by providing timely information disclosure to our investors and shareholders, so that they can make accurate valuations of our enterprise value. We hope that doing so will deepen our mutual understanding with them. DNP shares have been placed on a number of Japanese and overseas SRI indexes, which target companies that make serious CSR efforts.

So as to gain the trust of shareholders and investors

● Policy on Disclosure of Information

In order to provide timely and appropriate information, which is transparent, fair, and continuous to our shareholders and investors, DNP discloses information based on the following policy.

● Providing Information in Japan

In addition to more than 300 individual meetings a year, we also hold factory tours and strategic technology seminars for our businesses and products with high interest among our shareholders and investors. We complement this information by producing annual reports in both English and Japanese. We also established an Information Disclosure Committee in May 2006, with the goal of ensuring timely and accurate information disclosure.

● Providing Information Overseas

We also provide information in response to requests from overseas investors, via teleconferencing by utilizing telecommunication technologies, including televisions and telephones, and through the Internet.

● Information disclosure at general shareholders meetings

We create display panels and illustrations at general shareholders meetings as a way of introducing our company and our business to all shareholders, so as to deepen their understanding of DNP.



Disclosure Policy

(1) Information Disclosure Standards

Our company promptly discloses information in accordance with the Financial Products Exchange Law and other related laws, as well as the "timely disclosure rules" established by the Tokyo Stock Exchange. We also promptly and proactively disclose information even if it does not apply to the timely disclosure rules, as long as we believe that the information is considered necessary and helpful to shareholders and investors to promote further understanding of our company.

(2) Methods of Information Disclosure

In accordance with the timely disclosure rules, after briefing the TSE in advance, we publicly disclose important information that applies to those rules through TDNet (a system for the timely disclosure of information provided by the Tokyo Stock Exchange) and to the press. At the same time we post this information in a timely manner on our website. We also provide information considered useful in enhancing the understanding of our company by posting this information on our website and/or the press websites.

(3) Period of Silence

Before the announcement of our financial statements, we have a "period of silence," during which we refrain from responding to comments and inquiries regarding settlement, in order to ensure fairness. However, even during a period of silence, we promptly disclose any information that would incur major changes in our business results. Furthermore, we will respond to any questions regarding information that has already been disclosed.



CSR Web Report

<http://www.dnp.co.jp/csr/2007/39e.pdf>

Please visit our Web site for further information.

• Share Information:

Total number of shares issued/Shareholders at term end/

Breakdown by size of holdings/Breakdown by type of shareholder

We seek to offer stable dividends to our shareholders through expeditious capital management

● Returns to shareholders

DNP emphasizes management that returns profits to investors. One way we do so is our stable dividend policy, which is based on our results and earnings/dividend ratio.

Our dividend increased to 6 yen per share for the term ending March 2007, with an annual return of 32 yen per share, or a consolidated earnings/dividend ratio of 41.0%. This represents a five-term consecutive increase since the term ending March 2003.

● Share buybacks

Along with increasing dividends, we engage in share buybacks as part of our strategy for raising shareholder value. By the end of the March 2006 term we had acquired approximately 53 million shares after taking into consideration liquidity and capital needs.

We also acquired 10.65 million shares for 19.4 billion yen in March 2007, bringing our cumulative buyback amount to approximately 64 million shares, for a total of 103.1 billion yen. Shares retired were 19 million by the end of the March 2006 term, and 10 million (16.5 billion yen) in the March 2007 term. The cumulative amount of retired shares over three consecutive terms was 29 million, leaving a total of 730,480,693 shares issued.

SRI index-related efforts

DNP is listed on the Dow Jones Sustainability Indexes, the FTSE4Good Index Series, and the Ethibel Sustainability Index overseas, and the Morningstar Socially Responsible Investment Index in Japan.

DNP is also in the portfolios of several SRI funds.

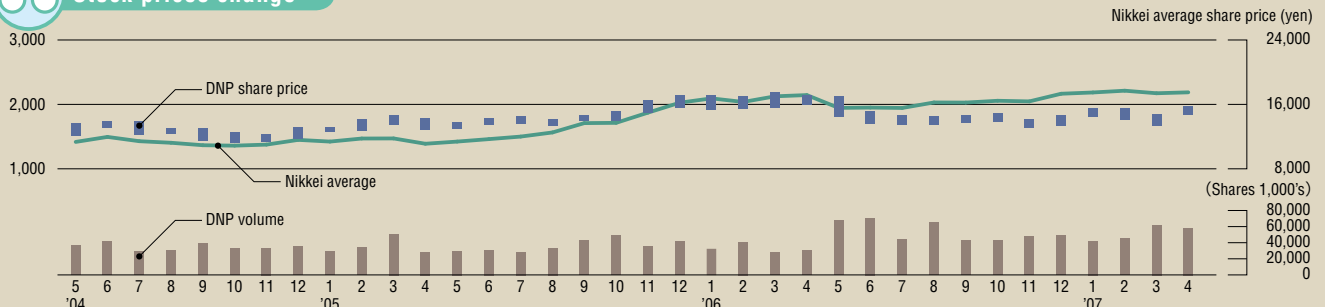

<http://www.ethibel.org/>

<http://www.ftse.com/ftse4good/index.jsp>

<http://www.sustainability-index.com/>

<http://www.morningstar.co.jp/sri/index.htm>


Stock prices change



Social Contributions

Our Code of Conduct states that "We will work to contribute to society through communication and cultural activities, and by becoming good corporate citizens deeply involved with the community." We established the DNP Group Social Contribution Policy in May 2007, so as to lay the foundation for a wide array of activities, taking in a broad perspective that goes beyond a return on profits under the motto "Just Like DNP." We are steadily contributing to society as a good corporate citizen.



The DNP Group Social Contribution Policy

The DNP Group seeks to solve the various issues facing society while contributing to sustainable growth and the realization of a rich society. Our social contributions are propelled by our provision of valuable goods and services through our business. We also seek the effective employment of our management resources (personnel, knowledge, technology, facilities, etc.) and to contribute to the realization of a better society through solid labor-management relations as well as strong ties and cooperation with organizations outside our Group.

We also believe that the voluntary participation of employees in social contribution activities is valuable not only to society, but also to the personal development and self-realization of the individual employee. The DNP Group therefore supports the participation of employees in activities that contribute to society.

We at the DNP Group shall continue to engage in steady efforts to contribute to society as a good corporate citizen.

Themes

- **Maintaining a love for nature**
→ Category: Environmental conservation
- **Maintaining a broad perspective**
→ Category: Contribution to local communities and the international community
- **For next-generation development**
→ Categories: Academia, education, development of the next generation; development of the information society
- **For a society rich in culture**
→ Category: Promotion of the arts and culture
- **From the standpoint of humanity**
→ Category: Humanitarian aid and disaster relief



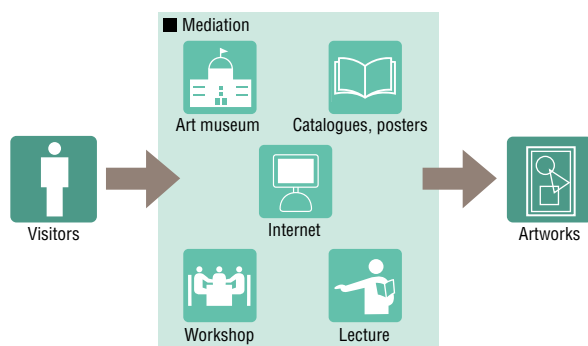


Corporate citizenship through design and arts

● Opening of the Louvre - DNP Museum Lab

The Louvre - DNP Museum Lab, a joint project of DNP and the Louvre Art Museum, was inaugurated in October 2006 at the DNP Gotanda Building in Tokyo. The goal of the Museum Lab is to impart a deep understanding of art even to those lacking artistic knowledge, by attempting to inspire a connection between people and art through mediation, which involves new techniques for art appreciation.

In addition to viewing items on display from the Louvre collection, visitors can also enjoy art appreciation through multimedia presentations combining pictures and information technology, activities such lectures and workshops, the Internet, and a variety of other forms of mediation.



First presentation: Théodore GÉRICAUT, *A Carabineer* ©Photo DNP



Third-Party Comment

"A key component in the field of multimedia outreach"

The Louvre - DNP Museum Lab project is of particular importance in my view. It has already resulted in the co-production of two highly ambitious presentations which I had the pleasure of inaugurating with Mr. Kitajima: Géricault's *Carabineer*, and "Tanagras: Female Figures of Ancient Greece".

This partnership program with DNP is a key component of our research and investigation in the field of multimedia outreach. It allows us to test new modes of communication and teaching, to try out completely new signage and guidance systems... to reflect today on the museums of tomorrow. This original program will also help us improve communication with our visitors, not only in Tokyo but wherever the Louvre is present worldwide-in Paris of course, but also in all the countries where the Louvre participates in prestigious exhibitions and partnerships.

Our collaboration with DNP is instructive on many levels. It allows us to:

- test new uses of technologies in the museum environment.
- increase our knowledge of visitor reactions to these technologies.
- develop in-house expertise at the Louvre for the years to come.

Every presentation that we make together is an opportunity to develop our respective skills: I shall be delighted to discover the events programmed every fall and spring until 2009.



Henri Loyrette

President and Director of the Musée du Louvre

● Special graphic design exhibition commemorating the 20th anniversary of "ggg"

"EXHIBITIONS : Graphic Messages from ggg & ddd 1986 –2006" was held January~February 2007, in commemoration of the founding of "ggg" (Ginza Graphic Gallery) in 1986. This retrospective presented the works and messages of the 166 artists from 25 countries who have been featured at the "ggg" and "ddd" galleries over the past 20 years. The "ggg" gallery, which specializes in graphic design, had by March 2007 presented 249 graphic design exhibitions by designers from Japan and other countries, with the number of visitors to the gallery exceeding 810,000.



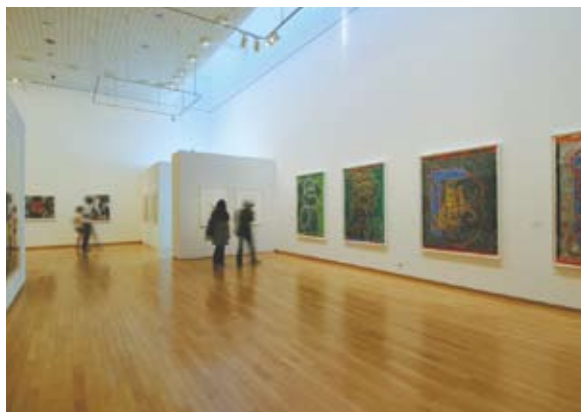
ggg (Ginza Graphic Gallery)

1F, DNP Ginza Bldg., 7-7-2 Ginza, Chuo-ku, Tokyo
 • Established: 1986
 • Total number of visitors: 815,000 persons



ddd Gallery

1F, Nanba SS Bldg., 1-17-28 Minamihorie,
 Nishi-ku, Osaka
 • Established: 1991
 • Total number of visitors: 220,000 persons



CCGA (Center for Contemporary Graphic Art)

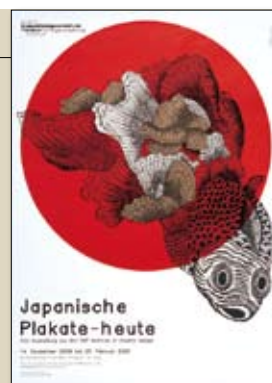
1, Miyata, Shiota, Sukagawa-shi, Fukushima
 • Established: 1995
 • Total number of visitors: 59,000 persons



"Exhibition of Today's Japanese Posters" tours 4 European countries

The "Exhibition of Today's Japanese Posters," which introduces the Japanese world of graphic design, was hosted by six national art galleries and museums in four countries- Germany, Switzerland, the Czech Republic, and Poland- from February 2006 through November 2007.

The exhibition featured 128 works from the DGA (DNP Graphic Design Archive) by leading edge and young Japanese graphic designers. Visitors in all the countries in which it was shown praised the beauty and high-quality printing technology displayed through these works.



"Exhibition of Modern Japanese Posters"

Social contribution in Japan

Promoting child protection program

Hokkaido Coca-Cola Bottling

The number of criminal acts targeting children has been increasing. The Hokkaido Coca-Cola Bottling Company proposed the promotion of a "child protection program," which the prefectural government adopted. Posters (10,000) and automobile stickers (11,000) with the logo of the "Committee for a Safe, Secure Crime-Free Hokkaido" (Chairperson: Hokkaido Governor Harumi Takahashi) were donated and distributed in Hokkaido.

The Hokkaido Coca-Cola Bottling Company Group participated actively in this program. All prefectural offices and vehicles (1,200 vehicles) display the posters and stickers for the protection of children.



President Kakuno presents the donation to Governor Takahashi

Sticker on delivery van



"Printing Company" exhibit at Kidzania Tokyo

DNP is the official sponsor of the "Printing Company" which opened in October 2006 at the "Let's Experience Work Town," the first such exhibit in Japan, at Kidzania Tokyo. This gives children a chance to try their skills as a graphic designer in using PCs to design and print environmental and other posters.



Printing Workshop

Donation to UNHCR* (UN High Commissioner for Refugees)

Part of the profits from the refreshment booths set up in-house for the Joint Labor-Management Co-operation events in April and October 2006, as well as the money placed in donation boxes at welfare facilities, was donated to the UNHCR via the offices of the Japan Association for UNHCR.



Letter of thanks

Widening of the "DNP Boulevard" in Ichigaya

DNP worked with Shinjuku Ward in widening the road that runs from our Ichigaya facilities to Sotobori Avenue, with the goal of improving the local environment.

The road now provides excellent drainage, and is designed to prevent splashing and reduce traffic noise, with sidewalks that are good for strolling. The electrical wires have been run underground and greenery has been planted, making it a road with the environment, scenery, and safety of pedestrians in mind.



DNP Boulevard

*UNHCR is dedicated to protecting and aiding refugees fleeing persecution or war, and to calling upon the international community to solve the refugee problem.

Social contributions overseas

● Cooperation in publication of the Singapore Encyclopedia

Tien Wah Press

Tien Wah Press of Singapore is a printer of books and a manufacturer of paper products. When Tien Wah Press took on the publication of the "Singapore Encyclopedia" for the Singapore Cultural Affairs Department in commemoration of the 40th anniversary of Singapore's independence, we offered our cooperation through donations and free printing with a total value of S\$100,000. The publication ceremony was held at the Singapore Presidential Residence on September 11, 2006.



Publication ceremony (Right: President SR Nathan)

● Recycling & charity efforts

Tien Wah Press

We began participating in governmental and local organization recycling and charity efforts in Singapore last year. Tien Wah Press is located in the southwest region of Singapore, and in addition to recycling efforts (230kg of old clothes and 300kg of used paper), we gathered S\$11,244 in donations from employees and S\$3,756 from the company, which we contributed to the less fortunate among the local children.



Employee Closeup

"We are contributing to society as we integrate with the community."

Companies that wish to operate successfully overseas must develop an understanding of the lives and thinking of the local people, and CSR activities are vital to doing so. Being a small country, there exists among the people of Singapore a feeling that everyone living there is united in supporting the nation, and volunteerism thrives in such an environment. It helps that Singaporeans are so fond of festivals, and our staff are active participants in events, which contributes to improved morale at of the company. Tien Wah Press seeks to take every opportunity to improve ties with the local community.



Makoto Takakura

President, Tien Wah Press



Community support through the Karawang International Industrial City Community Association (DNP Indonesia)

DNP Indonesia supports local programs as a member of the Karawang International Industrial City Community Association. The Karawang International Industrial City Community Association provides nutritional support to children in local communities, distributing biscuits and milk to 1,805 children in 2006. It also engages in mosquito spraying campaigns to prevent the spread of dengue fever, a mosquito-borne disease endemic in Southeast Asia.



Nutrition support

Spraying to prevent dengue fever

2006 CSR Awards and Evaluations

DNP has received high marks for its CSR efforts, from the media and business world as well as from various organizations and institutions. Our CSR efforts will continue to improve.

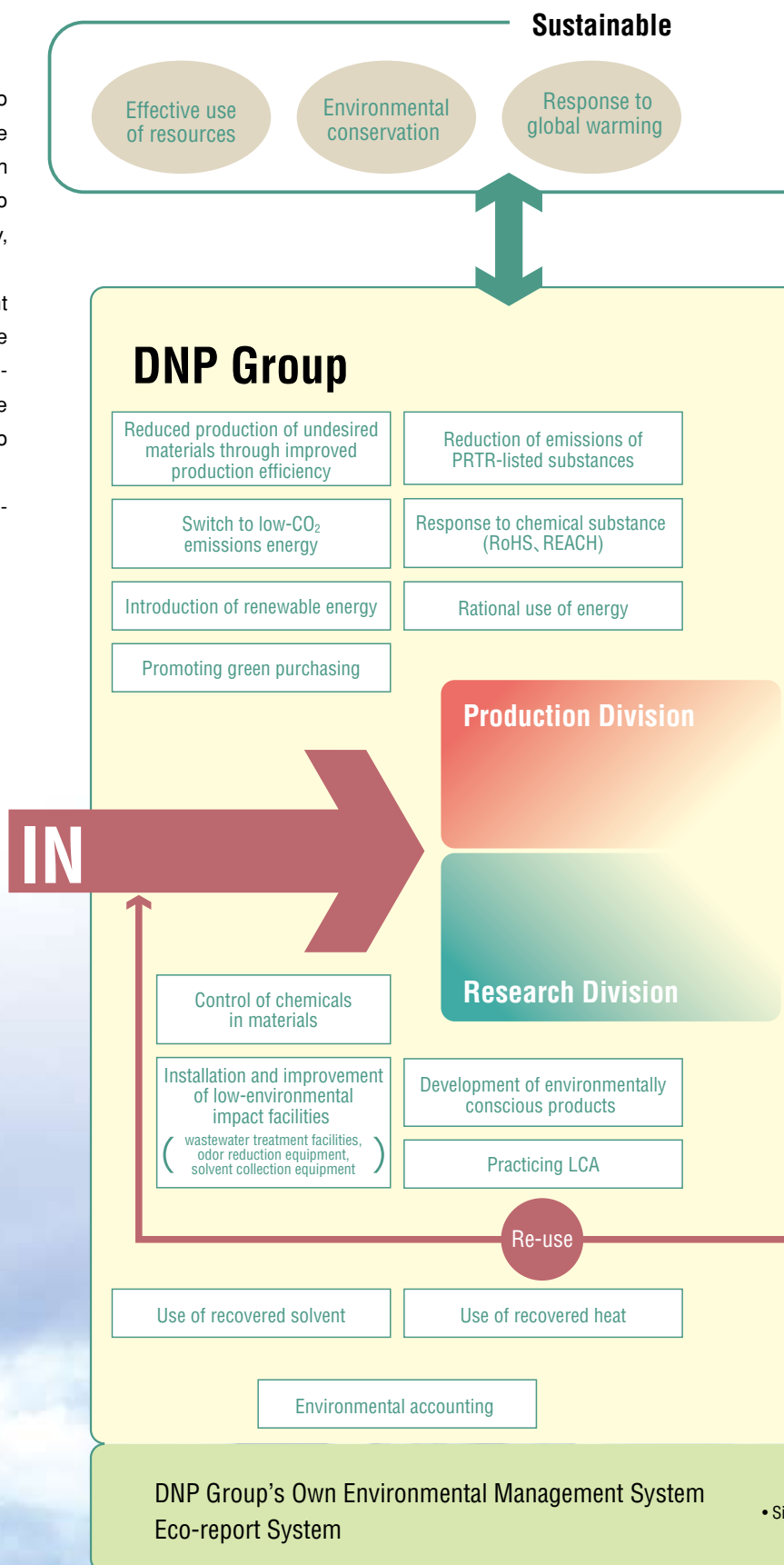
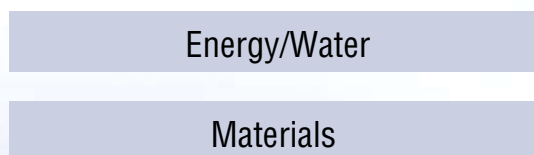
Date	Name of evaluation / Name of award	Sponsor / Examining Organization
June 2006	SID(Society for Information Display) 2006 Display Component of the Year Gold Medal (Crystal Illusion Screen)	Society For Information Display
June 2006	"International Industrial Ranking 500" 2006 edition 35th place worldwide, 28th in CSR	Newsweek Japan
August 2006	2006 "Great Place to Work" ranking, 3rd out of 252	Nikkei Inc.
September 2006	30th Kinoshita Award Packaging Technology Award	Japan Packaging Institute
September 2006	8th Automatic Identification System Award Individual management system for whole cloth using non-contact IC RFIOs	Japan Automatic Identification Systems Association
September 2006	Product of the Year 2006 The Supernova Screen™(JETBLACK™)	the Confederation of Danish Industries
November 2006	2006 Recommended Company Magazine/ Recommended Company Video Magazine Recommended Company Magazine Visual Award Recommended Company Video Magazine Communications Award	Nippon Keidanren
December 2006	Japan Environmental Management Ranking: 19th overall/1,741 companies, overseas 20th	Nikkei Inc.
January 2007	3rd Industrial Ability Ranking: 6th/272 companies	THE NIKKAN KOGYO SHIMBUN, LTD.
January 2007	2006 Nikkei Superior Goods & Services Award Superiority Award Nikkei Sangyo Shinbun Award Distribution Record Management System "Tray Catch" using IC tags/PHS	Nikkei Inc.
March 2007	Preferred Quality Supplier Award (PQS Award) winner (see page 34)	Intel Corporation
March 2007	4th Manufacturing Parts Grand Prize Electronics Award	THE NIKKAN KOGYO SHIMBUN, LTD.
March 2007	6th CSR Survey Companies listed the first section of the Tokyo Stock Exchange: 2nd/561 companies	Integrex Inc.

Relationship between the Environment and Business

As a manufacturer we are constantly thinking about how to coexist with the global environment. The gifts of nature are precious, and we seek to coexist with nature so we can pass its gifts on to the next generation. Our efforts to do so are of primary importance to us now in the 21st Century, which is referred to as the "Environmental Century."

We continue to do what we can for the environment day in and day out, as required by our DNP Group Code of Conduct, which states that "We shall strive to use resources effectively without destroying or polluting the global environment, so as to pass on a beautiful planet to the generations that follow."

We shall endeavor to lead the way in ensuring the future prosperity of mankind.



for Society

Elimination of
toxic substancesConsideration of
biodiversityProvision of
environmentally
conscious productsReduction of air and
water pollutantsReduction of greenhouse
gas emissions

Introduction of hybrid vehicles

Reduction of environmental impact

Reduction of atmospheric
emissions of VOCsEnvironmental conservation
management based
on voluntary standards

Promoting modal shift

Distribution efficiency

Distribution Division

Marketing Sales
Promotion DivisionPromote sales of environmentally
conscious products and improved
environmental awarenessSeparation and collection
of office paper

Use of recycled water

Establishment of voluntary plans

OUT

Air

Water

Soil

Offering value to society

Environmentally conscious products

Undesired
materials

Recycling

Promoting zero emissions

Waste

Eco-reports • Eco-report • Internal environmental audit (Eco-Audit) • Environmental education

Realizing a Sustainable Society

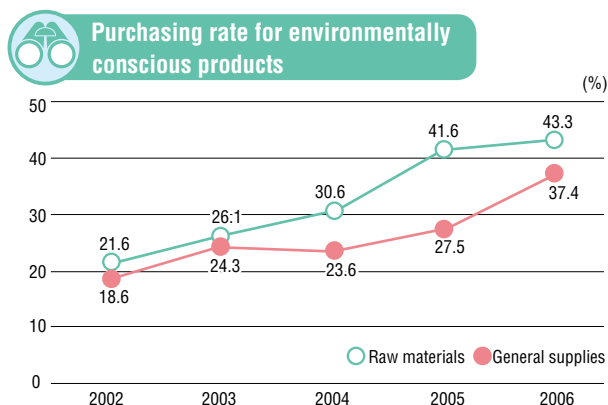
We seek the effective reduction of environmental impact by selecting and purchasing materials according to our Green Purchasing Policy, and by working to reduce undesired material output through the effective use of resources in our production processes. DNP is taking part in the production of more and more environmentally-conscious products as the demand for such products increases; we are engaged in designing easily recyclable products, making more use of biomass materials, etc.

We consider the environment at the materials purchase stage as well.

We choose and prioritize for purchase materials with the lowest possible environmental impact, so as to offer goods and services that are both valuable for society and can be used with confidence. We also seek to control and reduce the chemical substances contained in materials.

Promoting Green Purchasing

DNP employs Green Purchasing in selecting and buying parts, materials, provisions and equipment, and office supplies that cause the least possible environmental impact, so as to reduce the environmental impact of upstream production processes and of our business overall, and to reduce the environmental impact of DNP's products. We also give priority in materials and equipment purchasing to suppliers that take environmental conservation seriously.



DNP Group Green Purchasing Policy

In its procurement of materials and paper, and its ordering of materials for construction and equipment, the DNP Group cooperates with related divisions to promote activities based on our policy as stated below, fulfilling the important role of green purchasing to shape the market for environmentally-conscious products, and with the awareness that green purchasing is a very effective means of building a sustainable society.

1. We give due consideration to the following requirements in materials procurement:
 - (1) Absence of materials that are harmful to the environment or to human health;
 - (2) Minimal consumption of natural resources and energy;
 - (3) Use of materials derived from sustainable resources;
 - (4) Use of materials that have a longer life and are more easily reusable than their predecessors;
 - (5) The use of many recycled materials and reused parts;
 - (6) Use of disposable materials
2. In our procurement of materials and paper and purchasing of materials for construction and equipment, we give priority to sellers that take active involvement in environmental conservation.
3. In addition to prioritizing the purchase of products with the Eco-Mark when choosing our office supplies and equipment, we make our choices based on guidelines established by the Green Purchasing Network. We comply with item (a) above for products without the Eco-Mark or that are not in compliance with the Network's guidelines.

● Consideration of environmental and product safety

As part of DNP's efforts to improve product safety, in response to the RoHS Directive adopted by EU and various environmental conservation regulations, as well as client demand, the DNP Group monitors and manages chemicals contained in the materials we purchase.

We conducted a study of the amounts of chemicals contained in materials we purchase from suppliers, and in 2004 we completed a chemical content database. This has allowed us to monitor the chemicals used in each product, thereby strengthening our controls. In addition, it has created a mechanism for the manufacture of products according to established standards.

We require a report from the supplier in the form of an examination slip with every new purchase; in addition, when we start trading with a new supplier we explain the use of the chemical content examination slip when the trading account is opened, and request that one be submitted with each delivery.

Certificate of non-use of chemical substances/
Chemical substance content examination slip

Environmental Label Certification

● Proper disclosure of environmental information about products

We have acquired environmental labeling, such as Eco-Mark, CoC certification, and EPD, and are working to expand the number of such products. The Eco-Mark is granted to products that are valuable in terms of environmental conservation, and our "S-mail recycled paper type" (pressure-bonded postcard). The CoC certification system guarantees that the pulp used in making the printed materials is Forest Certified as having originated in forests that are managed according to environmentally sound practices. CoC certification has been acquired by a total of 10 divisions as the certification system for indicating controlled printed materials. EPD is an environmental declaration program developed by Sweden's Environmental Management Committee for the disclosure of LCA data reviewed by a third party. DNP has acquired EPD certification fused thermal transfer materials and dye-sublimation transfer materials.

CoC and EPD Certification Acquisition Status

Certification Type	Acquired By Acquisition	Date*	Registration Organization
FSC* ¹ -CoC	DNP Tokai	Oct. 2002	SGS* ³
FSC-CoC	Commercial Printing Operations	Aug. 2003	SGS
FSC-CoC	DNP Media Create Kansai	Sep. 2003	SGS
FSC-CoC	DNP Trading	Dec. 2003	SGS
FSC-CoC	Yokohama Plant, Packaging Operations	Dec. 2005	SGS
FSC-CoC	DNP Tohoku	Mar. 2006	SGS
FSC-CoC	Ichigaya Publication Printing Operations	Mar. 2006	SGS
FSC-CoC	Multi-print	Apr. 2007	SGS
PEFC* ² -CoC	Packaging Operations	Jan. 2004	JIA* ⁴
PEFC-CoC	DNP Tokai	Sep. 2005	SGS
EPD* ⁵	Dye-sublimation transfer materials (2 types)	Mar. 2003	JIA
EPD	Fused thermal transfer materials (8 types)	Jun. 2005	JIA

*Date of initial registration

*1 [F S C] Forest Stewardship Council

*2 [PEFC] Programme for the Endorsement of Forest Certification Schemes

*3 [SGS] SGS ICS Japan

*4 [J I A] Japan Gas Appliances Association

*5 [E P D] Environmental Product Declarations

Use of recycled materials

● Reduction of undesired materials in production processes and use of recycled materials

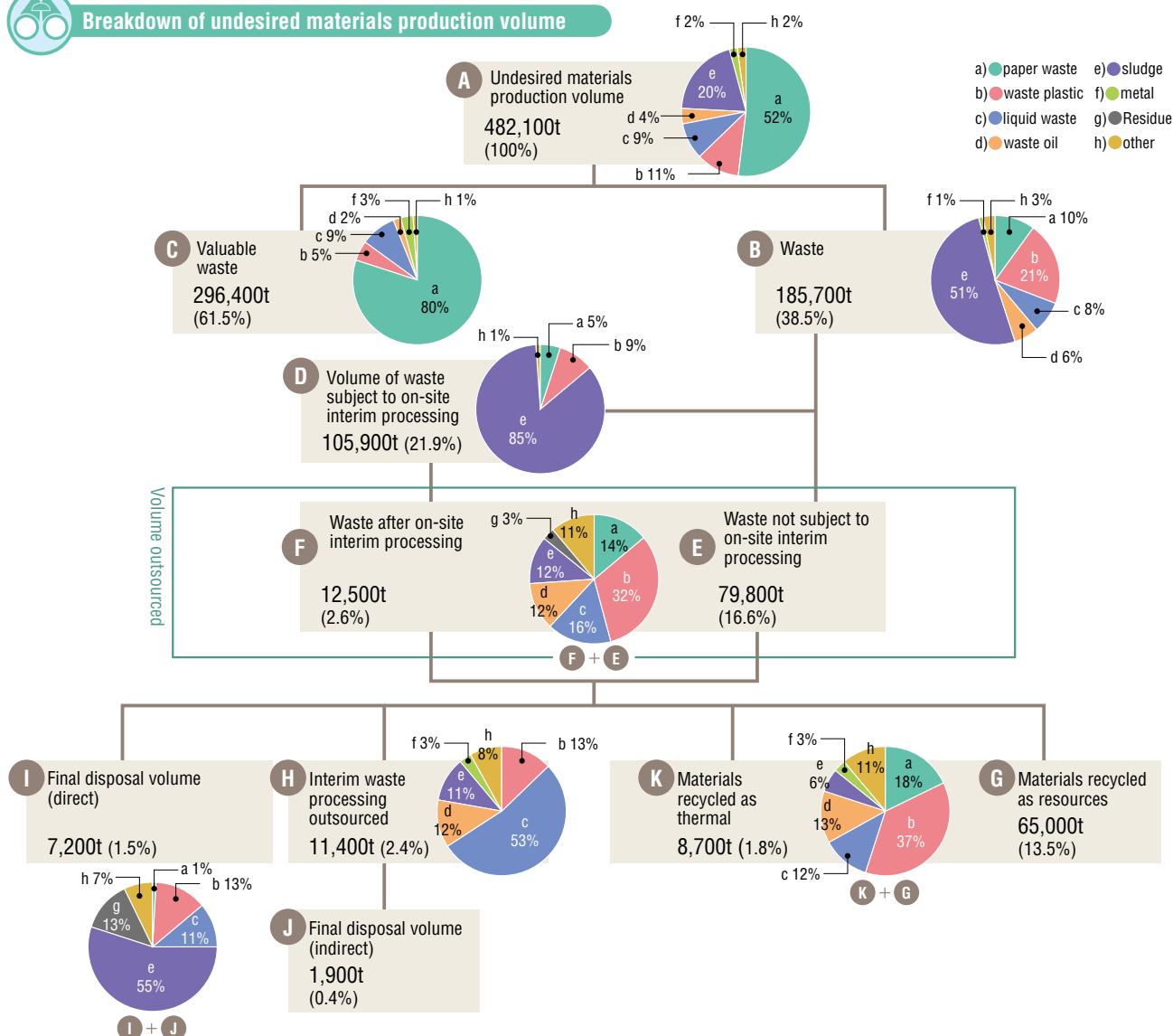
The DNP Group is working to “improve resource productivity” and “promote the reuse of undesired materials” so as to contribute to the building of a recycling society. These efforts require that the materials input in production

processes are used without waste, and that resources are used effectively by reusing to the greatest extent possible any undesired materials that are produced.

We use waste per unit of production (waste emissions (E + F) / production volume) and the undesired materials production ratio (volume of undesired materials*/materials input volume) as productivity indicators, and incorporate it in “Manufacturing 21” (See p.34). Waste per unit of production in 2006 was 0.189, which represents a worsening since 2005, when it was 0.185. This is mostly due to a decrease in the unit price for goods from the Electronics Di-



Breakdown of undesired materials production volume



* Waste generation rate

Waste originating from the main materials of the Electronics Division only is input into calculation of the waste generation rate.



Please visit our Web site for further information.

• Use of Recycled Materials:

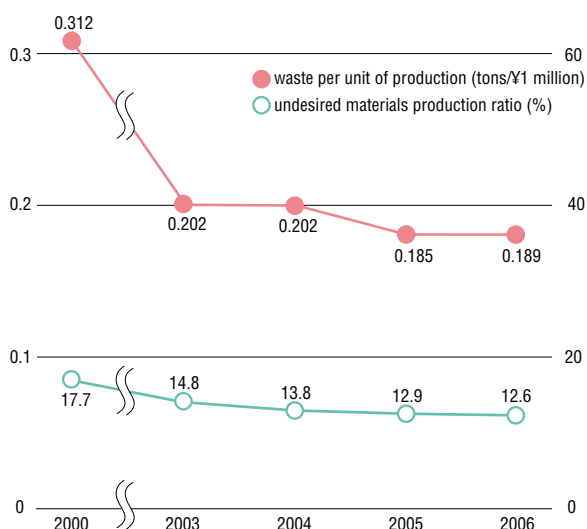
Transition of waste emissions/Transition of total waste generation/Wastepaper collection and Wastepaper collection rate/Transition of the amount of recycled water/Transition of the amount of rainwater used/Water Input-Output

vision. At the same time, the undesired materials production ratio was 12.6%, which is an improvement over 12.9% in 2005.

We use the recycling rate as the indicator for undesired materials reuse promotion, with the goal being zero emissions. Zero emissions means that the landfill waste rate (landfill waste volume I + J/ undesired materials production volume) is 0.5% or less, and while the rate for the Group overall is 1.9%, 37 sites have achieved zero emissions, with 6 sites added since last year. We have also achieved a recycling rate of 98.9%, an improvement over last year's 98.5%. Nevertheless, the problem of low rates for waste plastic (94.5%) and glass waste (76.1%) remains.



Waste per unit of production/undesired materials production ratio



● Collection of paper for recycling from offices

We make serious efforts to separate and recycle paper discarded from offices. Our rate of office paper recycling*¹ was 71.2% in fiscal 2006, meaning that we are continuing to meet our targets. The business of the DNP Group is deeply connected to paper, and we have been collecting data about paper separation and collection for some time. Data was gathered at 30 sites in fiscal 2006.

● Use of recycled water

We used 0.56 billion m³ of recycled water* in 2006 in cleaning our products, heating and cooling our production equipment, and air conditioning our buildings. Our water usage ratio was 33.8-fold.

We are also making effective use of rainwater at our C&I Building and the DNP Logistics No. 2 Building. We used 5,200 m³ of rainwater in 2006, which amounts to 42% of the water used for toilet flushing and watering our grounds.

*1 Wastepaper collection rate

Waste paper collection/ {wastepaper collection + general waste amount (excluding cans, bottles, and garbage)} x 100

*2 Water usage ratio (amount consumed + wastewater amount + amount of recycled water)/amount of water used

* Recycled Water

As water is mainly used for heating or cooling the manufacturing equipment, air conditioning in buildings, and in product cleaning, the majority of plants are starting to use recycled water through a closed system. The amount of recycled water is the total amount that flows through heat exchangers and cleaning equipments in these closed systems in one year.

Offering environmentally-conscious products

● Development and Sales of Environmentally Conscious Products

The DNP Group created the Environmentally-Conscious products Development Guidelines to direct from the design stage the creation of environmentally-conscious products, so as to reduce the environmental impact of our products throughout the lifecycle. We offer solutions such as reduced environmental impact products in each area of business as our way of contributing to the building of a sustainable society.

Our sales of environmentally-conscious products reached ¥265.8 billion in fiscal 2006 (¥256.6 billion in fiscal 2005). In particular, the sales of Forest Certified products (products certified as having originated in forests that are

managed according to environmentally sound practices), Ecolo-Bind (calendars made with no top metal binding, so that they are easy to breakdown for separation after use) and PET-G cards (cards made of non-PVC "PET-G" material, were significant).



Ecolo-Bind



PET-G card

Environmentally Conscious Product Development Guidelines

1) Reduction of environmental pollutants

Elimination of ozone layer-damaging substances, heavy metals, volatile organic compounds, and prevention of release into the environment of nitrous oxides and other substances

2) Resource and energy conservation

Reduce the use of metals and fossil fuels

3) Sustainable use of resources

Utilize natural resources in a sustainable way

4) Long-term usability

Make considerations for the ease of repair and parts replacement, length of maintenance and repair service, and the expandability of functions

5) Reusability

In the case of sites and parts, considerations regarding disassembly, cleaning, and refilling; establishment of a collection and reuse system that is easy for the purchaser to use

6) Recyclability

Consideration of materials used in the product as easy to recycle, design to allow for easy breakdown, disassembly, and separation of materials, collection and a recycling system that is easy for the purchaser to use.

7) Use of recycled materials, etc.

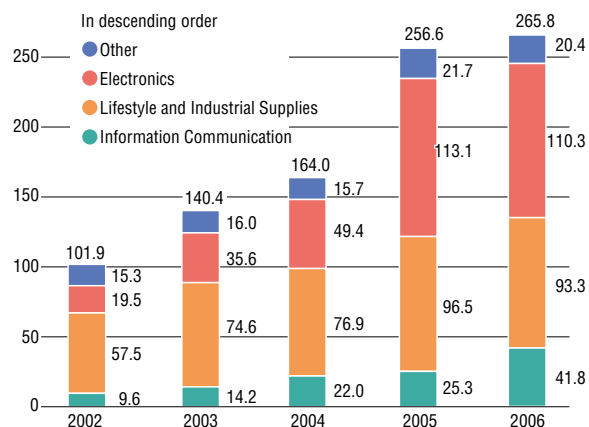
Use as many collected and recycled materials and parts as possible

8) Ease of treatment and disposal

Attempt to place as little burden as possible on incinerator facilities and landfill sites

Sales of environmentally conscious products

(Unit: 1 billion yen)



Introducing our environmentally-friendly products

● Develop all-paper tubular containers

We developed an all-paper tubular container in which no metal is used in the upper or lower lid, and which resembles a spice can through the use of highly-reflective ink. This container was adopted by the House Foods Corporation for its GABAN brand of potato chips. In the past the lids on such tubular containers were mostly made either of metal or plastic. DNP therefore created a all-paper package that uses compressed paper lids, so as to reduce the environmental impact as much as possible.

The construction makes separation for recycling when discarding the package easy, because the potato chips are packaged inside aluminum foil, which offers superior moisture-proofing, while the exterior packaging is a paper tube.

The package also incorporates universal design elements making it easy for people to use, in that the lids are easily detached and replaced because of the detachment coating process used on the paper tubes.



All-paper tubular container
(House Foods Corporation GABAN POTATO CHIPS)



Client comment

"DNP has created packaging using new materials and features."

House-brand GABAN POTATO CHIPS are sold in unique all-paper packaging in which the upper and lower caps are easily separated from the frame and that uses a single material, paper, that makes separation for recycling easy. The package is unique as well for its "spice can" image.

This packaging won the "Japan Packaging Design Association Award" at the 2006 Japan Packaging Contest (sponsored by the Japan Packaging Institute Association) and the "Minister of Economy, Trade and Industry Grand Prize" at the 46th Japan Packaging Competition (sponsored by the Japan Federation Printing Industries Association).

Yoshinao Ito

Manager Marketing Headquarters
House Foods Corporation



Aluminum foil packaging

● Development of packaging materials made from biomass-based plastics

We use plant-derived polylactate plastics in as many products as possible, and have developed a packaging material that is environmentally-conscious by properly combining it with petroleum-derived materials to achieve the functions necessary to packaging.

Polylactate is biomass-based plastics derived from corn or sweet potatoes, and it is currently getting a lot of attention as a material that can help cut emissions of CO₂, which is a greenhouse gas. DNP has succeeded in developing processing and synthesis technologies for biomass and petroleum plastics, such as overlaying different types of film derived from each.

This amalgam currently contains 10~30% polylactate, but our goal is bring this up to 50%. We are also working on using biomass for general applications other than flexible packaging, such as molded products, paper cups, and bottles.



Biomass-based plastic packaging materials
(Zipper bags for Saraya's "Pow 1.0 kg")



Biomass-based plastic packaging materials
(UCC Ueshima Coffee's "Aroma-Rich" brand)



Third-party comment

"Working to promote the widespread use of biomass-based plastics"

There are around 240 companies in the Japan BioPlastics Association, including both resin manufacturers and producers of finished goods, working to promote the wider use of environmentally-conscious plastic materials. Our "GreenPla® Identification and Labelling system" for biodegradable plastic products now includes a "BiomassPla Identification and Labelling system," started in July 2006, for products containing 25% or more biomass plastic. DNP's "Biomass-based Plastic Cards" have received the highest ranking under this system. It is our hope that DNP will continue to pour efforts into developing useful biomass products, especially in the areas of

packaging and cards, increasing the awareness of consumers about the BiomassPla Identification and Labelling system and reducing the use of petrochemical resources.



Setsuo Kounami

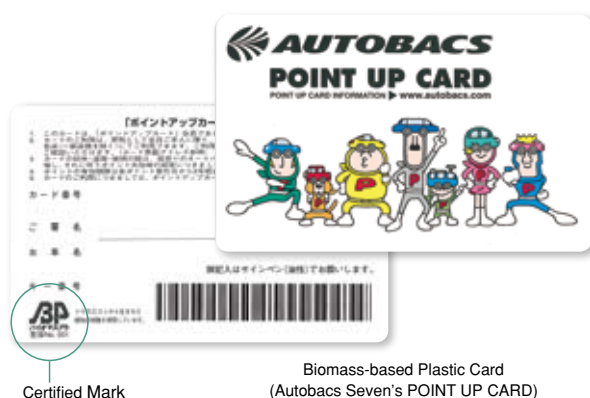
General Manager
Japan BioPlastics Association

● The First Certificated Card as Biomass-based Plastic

DNP has developed biomass-based plastic cards that have been first certified under the “BiomassPla Identification and Labelling System” started by the Japan BioPlastics Association in 2006.

These cards, which were already made from non-PVC plastic rather than dioxin-emitting PVC, have been altered again to include new biomass-based plastic, which goes further to meet the demands of the times. The cards can be used for a variety of purposes, including point cards, cash cards, and membership cards.

Certified by the BiomassPla Identification and Labelling System, these polylactate point cards appeal to the environmental conscious of members or customers, and are both reasonably thin and tough enough to meet customer needs effectively. First certified biomass-based plastic card represents the leading edge of the environmentally-conscious materials research we have been engaged in since 1998.



● Development of products using LCA

Society now strongly demands the reduction of environmental impact. DNP has introduced LCA (Life Cycle Assessment), which evaluates the form and degree of environmental impact of a single product over its entire life cycle, and seeks ways to make improvements. The LCA system has been incorporated into product development.

The LCA is a method for quantitatively evaluating the resource investment and environmental impact, as well as the effect on the planet or the ecosystem, that a certain product or service exerts over the course of its life cycle. “Life cycle” here encompasses everything that takes place during the existence of the product or service, from resource extraction through manufacture, transport, use, and the return of all waste to the Earth.

● LCA efforts in packaging

The Packaging Division offers packaging for items that are important in the lives of consumers, such as food, drinks, and daily items. The Packaging Division introduced LCA in 1996 because of its strong concerns about waste emissions, and it has been conducting LCA since 1997. LCI (Life Cycle Inventory Analysis) is also playing an important role in the development and design of environmentally-friendly products.

It is also taking an active role in public projects conducted by packaging-related organizations, focusing on monitoring representative tendencies in Japan and encouraging/improving LCA in the area of packaging.



Cooperation with packaging-related organizations in LCA

Paper carton LCI surveys (Committee For Milk Container Environmental Issues/ Institute for Policy Sciences)

Ongoing participation in “Survey work involved in container packaging LCA ~ LCA basic surveys focusing on drink containers”; ongoing surveys of voluntary efforts of dairy-related organizations

PET bottle LCI surveys (The Council for PET Bottle Recycling/Industrial Research Center)

Ongoing improvements of LCI data similar to that for paper cartons, and evaluations of recycling based on chemical analysis

Paper cup LCI surveys (Printers Association of Japan Paper Cup Department/ Alpha-Research Company)

Ongoing LCI surveys regarding the production of “275 ml paper cups,” which make up the majority of paper cups used in vending machines in Japan

For the Global Environment and Society

People throughout the world are applying their knowledge and efforts to guarding our irreplaceable Earth, while efforts to prevent global warming are taking place in all the countries of the world. We at the DNP Group are making efforts in all areas, including planning, design, purchasing, production, and distribution, to reduce greenhouse gas emissions. One of DNP's most important missions is protecting the health of people and contributing to a safe and secure society.

Reducing global warming and the climate change impact

Switching to low CO₂ emissions fuels

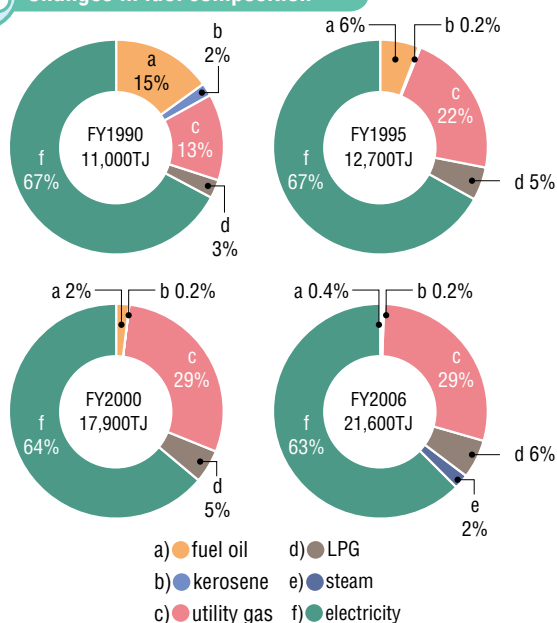
There has been serious concern developing in recent years about global warming, and the need for measures to reduce CO₂ and other greenhouse gases is becoming acute.

The DNP Group is pursuing measures to reduce the CO₂ emissions from fuels burned at our plants. We have been working since 1990 to make the switch from fuel oil and kerosene to utility gas and LPG (liquefied petroleum gas), which produce fewer CO₂ emissions. As a result, as

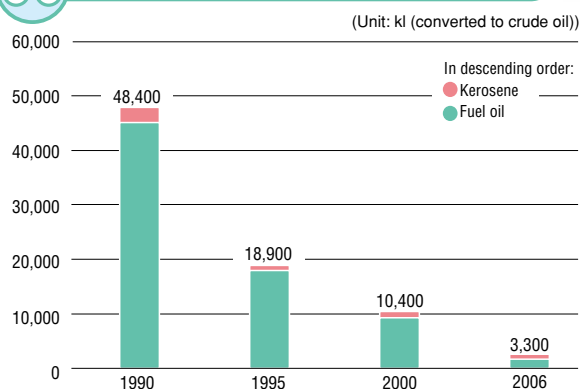
of fiscal 2006 our total amount of fuel oil and kerosene used comprised only 0.6% of our total energy consumption. We also plan to switch from LPG to LNG (liquid natural gas), which produces even fewer CO₂ emissions.



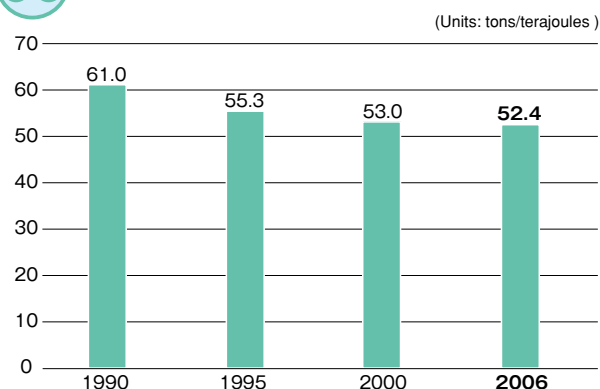
Changes in fuel composition



Trends in fuel oil and kerosene reduction



CO₂ emissions per fuel energy unit



As the fuel switch from petroleum products to gas progresses, the CO₂ emissions per energy unit falls. Fiscal 2006 shows a reduction of 14% in comparison to 1990. This is equivalent to a reduction of 65,000 tons of CO₂.

*Greenhouse gas emissions volume

These are calculated according to the "Greenhouse gas emissions calculation and reporting manual Ver. 2.1" (Published June 29, 2007; Ministry of the Environment and Ministry of Economy, Trade and Industry). Electricity emissions coefficients for 2005 and 2006 use values published by the Ministry of the Environment on March 23, 2007, while for other years those published in environmental reports of the electric companies are used. All emissions volumes are converted to CO₂.



CSR Web Report

<http://www.dnp.co.jp/csr/2007/57e.pdf>

Please visit our Web site for further information.

- Reducing Global Warming and the Climate Change Impact: Transitions of CO₂ emissions and fuel use for transportation

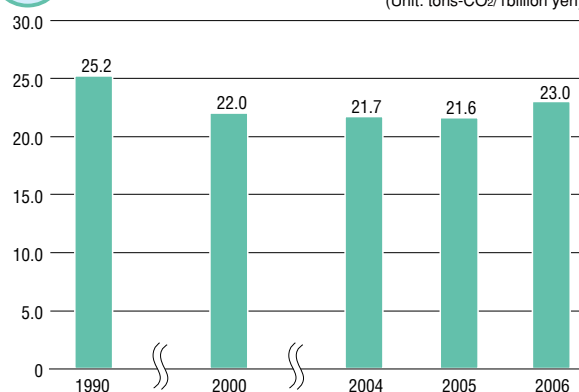
● Greenhouse gas emissions volume and per-unit CO₂ emissions

The DNP Group's overall greenhouse gas emissions* in fiscal 2006 were 1,123,000 tons. This breaks down as follows: direct emissions from plants, 459,000 tons; indirect emissions due to use of electricity and steam (indirect emissions from power plants, etc.), 584,000 tons; other*, 80,000 tons. There was an increase in fiscal 2006 due to the move to new plant facilities.

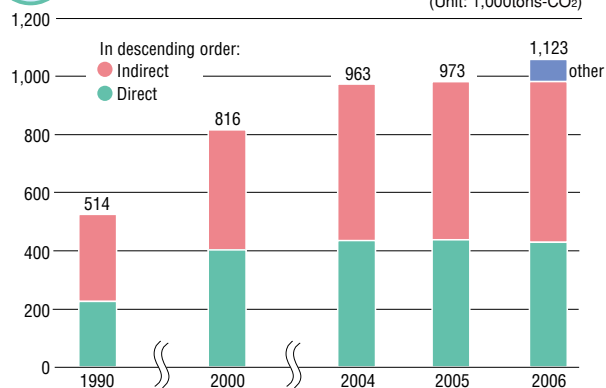
Per-unit CO₂ emissions amounted to 23 tons-CO₂/1billion yen, a reduction of 8.7% in comparison to fiscal 1990. While emissions had been steadily decreasing through fiscal 2005, an increase in raw materials prices and a decrease in unit orders caused reduced added value, resulting in a worsening in specific consumption.

In addition to continuing with our shift to reduce greenhouse gas-emitting fuels, we will also actively continue to seek

to reduce greenhouse gas by installing inverters and other energy-saving equipment, improving productivity, effectively using heat from "heat-emitting boilers," and other means.

Per-unit CO₂ emissions(Unit: tons-CO₂/1billion yen)

Trends in greenhouse gas emissions

(Unit: 1,000tons-CO₂)

● Introduction of renewable energy

The outdoor lighting equipment at the Kamiya Solutions Center is powered by solar and wind power generators.



Employee Close-up

"We are working on reducing CO₂ emissions, which is a measurement of energy conservation."

Our company uses boilers as heating sources for our production processes and air conditioning units. In August 2006 we scrapped, merged, restored, or rebuilt all of the boilers at our Tokyo plant, converting them from kerosene to utility gas so as to reduce CO₂ emissions and conserve energy. This reduced the CO₂ emissions from our boilers by around 700 tons in fiscal 2006. We were also able to use the 2006 gas conversion subsidies offered by the Japan Gas Association in this process. We will continue to seek effective ways to use energy with the goal of reducing CO₂ emissions.



Manager, Production Engineering Department, The Intec

Akiharu Tsukamoto

* Other

Emissions from trucks and other vehicles used in contract shipping of products and waste were added from fiscal 2006 on.

* Per-unit CO₂ emissions

This is direct CO₂ emissions volume from plants through energy use divided by production output. Production output indicates business activity, and added value is distributed to the direct amount according to the ratio of the energy amount for direct emissions and the energy amount for indirect emissions.

● Efforts in the Transport Division

The revisions to the Rationalization in Energy Use Law have meant that since fiscal 2006 the duty to implement energy conservation measures is assigned to the shipper. The two designated shippers in the DNP Group, DNP and Hokkaido Coca-Cola Bottling, exceed 3,000 ton-kilometers per year of shipping volume. The DNP Group is pursuing measures for monitoring and reducing CO₂ emissions for the Group overall, including those that are not designated as shippers.

In fiscal 2006 the Group's overall shipping volume was 400 million ton-kilometers. The Group used 33,000 kiloliters of energy (converted to crude oil), with CO₂ emissions of 84,000 tons (4,000 by our own logistics operations, 80,000 by contractors).

We have been employing distribution-related environmental impact reduction measures such as the optimization of transport routes, improved efficiency through digital tachometer installations, an idling-stop campaign, a modal shift to rail transport, and the introduction of hybrid vehicles.

In addition, DNP Logistics, which handles distribution for the DNP Group, has followed up on the acquisition of

ISO14001 for its Itabashi worksite by acquiring ISO14001 for its Akabane location, thereby shoring up its environmental management of distribution.



Hybrid cars in use at CHUBU Operations

● Anti-global warming measures at offices and homes

The DNP Gotanda Building, which opened in October 2006, was constructed with aluminum curtain external walls and double-glazed sash windows that cut sunlight, and use dramatically less energy for air conditioning because of the installation of an ice thermal storage system that runs on late-night electrical power. Wasteful energy consumption is prevented through the use of automatic "off" switches for lights and air conditioning that are connected to human sensors.

The DNP Group has been participating in the Japa-

nese government's "Team -6% Committee" program for citizen action in preventing global warming since last year. This program encourages energy conservation measures such as adjusting the temperature of offices and turning off PCs and lights when not in use. We have called upon all Group employees to register individually in the "Team -6% Committee" so as to broaden this effort, and to use it as a tool to enhance consciousness about the environment together with their families.

Nine of our buildings participated in the 2007 "Black Illumination" ("Lights Down Campaign"): our two buildings in Ichigaya, Shinjuku-ku (Sotobori-Dori Advertising Tower and the C&I Building), the DNP Gotanda Building, the DNP Kamiya Solutions Center, Otone Plant, DNP Tohoku, DNP Offset Kawaguchi, DNP IMS Odawara, and the DNP Erio Tokyo Plant.



DNP Gotanda Building
(Photographed by Kawasumi Architectural Photograph Office)



Team -6% binders



Please visit our Web site for further information.

• Reducing Environmental Pollutants:

Chemical Substances subject to the PRTR Law/Dichloromethane emissions/
Dioxin emissions/CFC substitute emissions/SOx emissions/NOx emissions/
VOC emissions/COD emissions/Nitrogen emissions/Phosphorous emissions

Reducing environmental pollutants

● Reducing air pollutants

The Air Pollution Control Law specifies substances such as toxic air pollutants and ozone depleting substances, including sulfur oxide (SOx) and nitrous oxide (NOx), as well as volatile organic compounds (VOC), as air pollutants. These substances have an impact on health and the global environment, causing problems such as urban ozone formation and ozone layer depletion. We at the DNP Group are working hard to monitor and reduce emissions of such substances.

We are making progress in our switch from dichloromethane to water-based cleaners in our printing process, and in fiscal 2006 our total atmospheric emissions fell from the 2001 level of 53 tons to just 0.3 tons. Dioxin emissions, which are created by the burning of waste, have fallen to 2.2mg-TEQ, which is about 1/100th of the fiscal 2000 levels, due to strict controls on the 6 furnaces currently in operation.

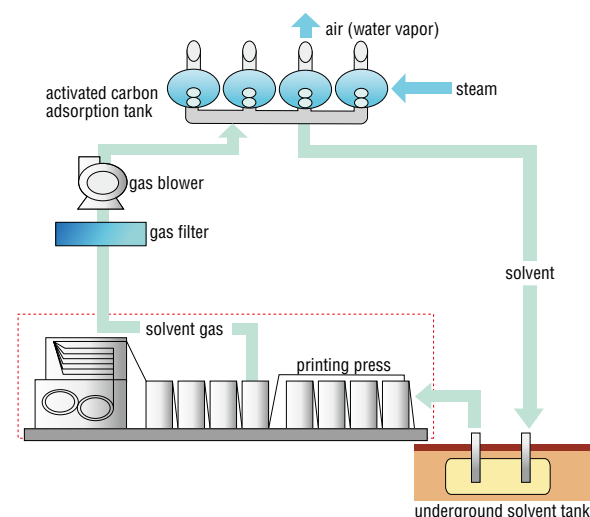
While we do still use some of the ozone-depleting chemical HCFC-141b (1,1-dichloro-1-fluoroethane) as a cleaner, our fiscal 2006 emissions fell to 10 tons, a 47% reduction over the previous year.

The switch to low-sulfur utility gas from high-sulfur fuel oil and kerosene for firing our boilers has resulted in a reduction of sulfuric acid emissions of 16% over the previous year, to 17.2 tons. We have been working to reduce nitrogen oxide emissions by installing low NOx burners, but these emissions have increased because of an increased energy usage in comparison to last year.

● Reducing VOC emissions

The Revised Air Pollution Control Law, which was enacted in April 2006, strengthened emissions controls on VOCs (Volatile Organic Chemicals) emitted from printing processes and other processes. Printing processes use VOC-containing materials such as ink, solvents, adhesives, and cleaners, and the DNP Group is making efforts not only to regulate concentrations but also to reduce emissions overall. We have been switching to substitute products with a lower environmental impact and installing equipment for VOC treatment and collection. These efforts have resulted in a 52.7% reduction, to 11,227 tons, in comparison with 2002, which is used as the yardstick for performance. This emissions total breaks down to 1,123 tons of substances regulated by the PRTR Law, and 10,104 tons of substances not covered by that law.

Example of VOC collection and recycling



● Reducing water pollutants

We detoxify and reduce the pollution load of the wastewater from our industrial processes and dining halls by using purification tanks and wastewater treatment equipment. In fiscal 2006 we took measures such as adopting low-COD chemicals, reducing our use of bacterial nutrients, and changed to non-phosphate cleaners.

* COD
Chemical Oxygen Demand

Our Environmental Management Foundation

We practice environmental management based on the DNP Group's unique environmental management system- the Eco-Report System. We have compiled the results for fiscal 2006 and the issues and targets from the next year onward.



DNP Group Environmental Policy

The DNP Group's efforts are directed towards the continuous prosperity of a world economy with limited resources and for the development of a society that recirculates resources. The DNP Group is making every effort to minimize the impact our business operations have on the environment, and this includes compliance with environmental laws and regulations as well as recognizing the relationship that each of our business activities has with the environment.

- (1) Each member of the DNP Group establishes and periodically reviews its own environmental policies and environmental targets, and puts into effect continuous improvement of its activities and the prevention of environmental pollution.
- (2) For all construction projects, and before designing and commissioning new facilities, we carry out a full and detailed environmental survey to assess the impact that the project will have on the environment to make proper efforts to protect the environment.
- (3) When carrying out research, development and design for a new product, we consider the impact of the product on the

environment throughout its life cycle, including the ordering of raw materials, production, distribution, use, and disposal. We give special consideration to energy conservation, resource conservation, and reducing the use of harmful chemicals.

- (4) When purchasing raw materials, stationery, and equipment, we choose items that are ecologically-friendly and easy to recycle.
- (5) In manufacturing a product, we aim to comply with environmental laws and regulations, and moreover we set up more stringent standards to reduce the emissions of pollutants into the air, watershed, and soil, and to prevent unpleasant odors, noise, vibration, and land subsidence. We are constantly improving facilities, techniques and manufacturing processes to promote the targets of energy conservation, resource conservation and the reduction of industrial waste.
- (6) When generating waste from business operations, we strive to achieve zero emissions by separating and recycling waste as much as possible.

DNP Environmental Committee / March 2003



Results of Our Environmental Accounting

Environmental conservation costs (Categories corresponding to business activities)

Category	Investment (Unit: billion yen)		Expense (Unit: billion yen)		Details of Major Efforts	Refer to
	2005	2006	2005	2006		
(1) Business area cost						
Pollution prevention cost	0.997	0.794	2.200	3.386	Increase in deodorizing equipment, expansion of wastewater treatment facilities	59
Global environmental conservation cost	0.220	0.139	0.725	0.615	Switch to gas for fuel, inverter installation, insulation installation	56-58
Resource circulation costs	0.102	0.148	3.008	3.130	Increase in compressors, separation recycling, zero emissions (conversion to RPF/cement ingredients), use of recycled water	50-51
(Total business area costs)	1.318	1.081	5.933	7.131		
(2) Up/downstream cost			0.115	0.004	Recycling system development	52
(3) Administration cost			2.078	2.003	ISO14001 inspection and registration costs, environmental measurement costs, environmental report composition costs	60-63
(4) R&D cost			2.696	2.465	Research and development into environmentally conscious products and production methods	52-55
(5) Social activities cost			0.021	0.013	Cleanup of areas outside the plant compound, support for activities of environmental conservation groups*	
(6) Environmental remediation cost			0	0.238		
Total	1.318	1.081	10.842	11.854		

* Includes ¥400,000 for WWF and ¥200,000 for Japan Greenery Research and Development Center



CSR Web Report

<http://www.dnp.co.jp/csr/2007/61e.pdf>

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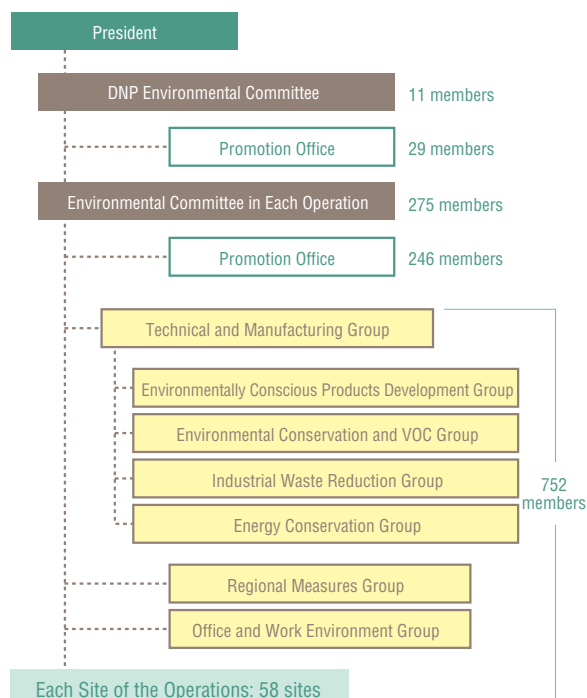
- Sites for Environmental Disclosure
- ISO14001 Certification Acquisition
- Eco Action 21 Certificates
- Environmental Accounting
- Environmental Education
- Achievements in Environmental Issues

Environmental Management Structure

The DNP Group emphasizes environmental conservation and the efficient use of resources throughout the entire company.

Our environmental management system consists of the DNP Group Environmental Committee, which is in charge of the management of the entire Group, and Operations Group Environmental Committees for each area of business. Each committee has its own promotional office. The DNP Group Environmental Committee, which is made up of the directors in charge of the basic organizations at company headquarters, deliberates and decides on environmental policy, objectives and plans for the entire Group, and monitors the progress of the plans and the status of the achievement of those objectives. The decisions made by the DNP Group Environmental Committee are further developed by the Operations Group Environmental Committees with consideration paid to the characteristic features of each particular sphere of business.

DNP Group Environmental Management Structure



Third-Party Comment

"I hope to continue to see steady progress every year."

This is the third time I have submitted a comment about environmental conservation in a DNP CSR Report. As I noted in both previous commentaries, DNP is an environmental conservation leader in industry circles, with environmental measures that are fully comprehensive and serious, and in both previous cases I gave them high marks.

While I am basically inclined to give them similarly high marks this time as well, there are a few matters that have come to my attention. First of all, both the overall amounts and per-unit emissions of CO₂ and other greenhouse gases are increasing. Granted, this appears to be due to circumstances, including new plant construction and a fall in unit prices for the products in some company operations. Nevertheless, the latest and best findings of the IPCC make it clear that the climate change situation has grown even more acute, and that "it's now or never for anti-global warming measures." In addition, President Kitajima states in his "Top Message" that the DNP Group will strive to control greenhouse gas emissions with the aim of "preserving the global environment for the next generation." I therefore would like to hope that we'll see more effort put into reducing emissions in the next fiscal year.

I also have noticed a little slack in what have up to now been very successful VOC measures. Additionally, while paper and metal recycling rates have exceeded 99%, the rates for plastic and glass waste are not quite good enough. I also would like to see more effort made in the area of logistics.

While there a number of things I would like to see improved, such as the items noted above, I see some hopeful innovations as well. For example, the company has joined with Saitama Prefecture in risk communications programs with NPOs and community residents, and efforts are being made to share those experiences throughout the company. DNP's environmental conservation measures continue to develop steadily year after year, and I would like to see those developments reflected in this report.

Saburo Kato

Chairman, Japan Association of Environment and Society for the 21st Century
President, Research Institute for Environment and Society



DNP's unique environmental management system

● The Eco-Report System and Eco-Audits

The Eco-Report System is DNP's own environmental management system created in 1993 with the goal of attaining the DNP Group environmental targets. It forms the basis of our environmental management efforts.

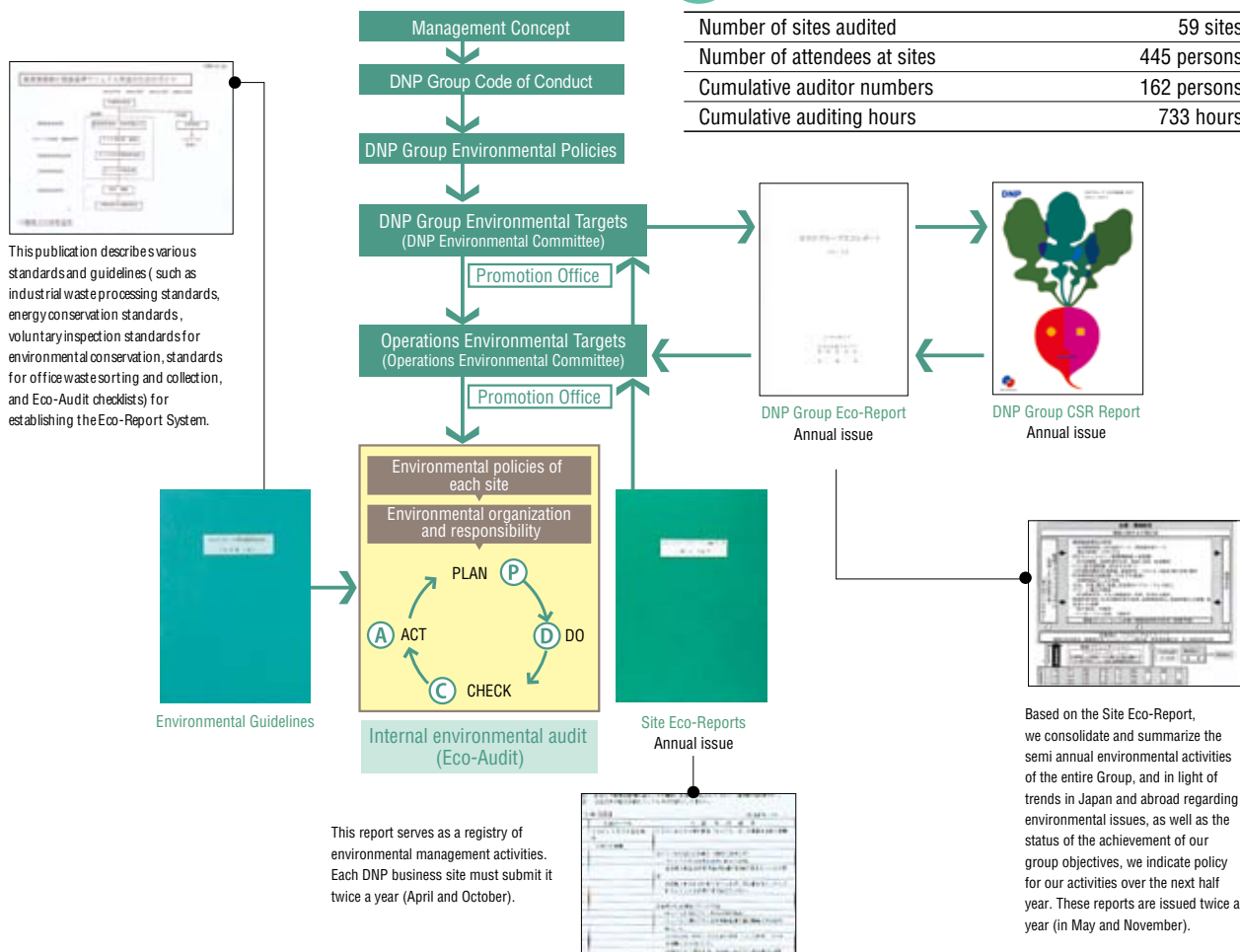
In 1996 we also began implementing "Eco-Audits," which are internal management audits aimed at making the Eco-Report System more effective. When an audit discovers that corrective measures are necessary, a Correction Measures Performed Sheet is issued to the site

involved, and the response report must get the approval of the DNP Group Environmental Committee.

We strengthened our auditing system in fiscal 2006 so as to improve the reliability of our compliance confirmations and operational audits, and we conducted Eco-Audits at 59 sites. While there were areas needing improvement indicated in some cases, such as insufficiencies in the legally-mandated descriptions at waste storage sites, insufficient reporting for specific sites, and other legal violations, we confirmed that the necessary improvement measures are being taken in each case.

The areas indicated as requiring improvement are analyzed and actions are decided upon, and follow-up Eco-Audits will be carried out in fiscal 2007.

Eco-Report System



2006 Eco-Audit Performance

Number of sites audited	59 sites
Number of attendees at sites	445 persons
Cumulative auditor numbers	162 persons
Cumulative auditing hours	733 hours



CSR Web Report

<http://www.dnp.co.jp/csr/2007/63e.pdf>

Please visit our Web site for further information.

- DNP's Own Environmental Management System:
Step in Eco-Audit and Contents/Features of Eco-Audits/Features
Regarding the Expertise and Independence of Eco-Audits/
Types of Notifications and Corrections Issued in the Eco-Audit
- Environmental Risk Management:
Legal compliance situation

Environmental risk management

● Environmental conservation measures

The DNP Group monitors trends in environmental regulations so as to ensure full compliance. We also have established and strictly adhere to our own voluntary standards (air, water, noise, vibration, odor) and voluntary guidelines (chemical substance management, soil contamination measures).

● Chemical Substance Management

We have drawn up a Chemical Substance Management Guide to steer our efforts to prevent accident occurrence during chemical substance handling. We have also set up levees and shut-off systems to prevent liquids from overflowing in the delivered plants, and we have installed two-tier storage tanks. Furthermore, we stock up on materials that can be used during emergencies and hold emergency response drills.

● Soil and Groundwater Contamination

The DNP Group implements soil inspection guidelines that exceed the legal requirements. When soil contamination is discovered through our inspection, we file a report with the office of the governor or mayor in charge of that prefecture or city, and upon instructions from the local authorities, we implement appropriate measures for removing the contamination.

We performed operations such as changing from underground to aboveground tanks, water purification of pump water, and paving of waste holding yards at some sites in fiscal 2006.

● PCB storage

PCBs are currently in storage at 28 sites. There are a total of 314 units. The PCBs were contained in electric equipment that was used in substation facilities in our plants. The PCBs are stored in special containers in special storage rooms, and are managed under the strictest of conditions in accordance with applicable regulations to

ensure prevention of leakage or loss. All PCB currently in storage will be disposed of as required by law according to the disposal plans for each region.

● Legal compliance situation

While we make all efforts to comply with environmental laws and regulations, over the past three years we have experienced 5 incidents of water quality abnormalities in wastewater, 1 case of inadequacy of qualified personnel, and 1 case of odor in excess of standards.

There are no ongoing legal disputes involving environmental issues. We have unfortunately had some complaints from areas neighboring our plants concerning noise and odors. Whenever we receive such complaints, we launch a thorough investigation into the cause of the problem and work to make improvements to prevent a recurrence.

Environmental risk communications (Tsuruse Plant)

We sponsored an environmental risk communication program at our Tsuruse Plant on March 5, 2007, taking part in the Saitama Prefecture "Prefectural Citizens' Risk Communication Initiative." This program was aimed at sharing environmental risk information and deepening mutual understanding with the community. 42 people took part, including representatives from NPOs and local governments, community residents, and people from DNP. We provided an explanation of DNP's environmental efforts as well as a tour of our plant facilities, and held a lively question and answer session that touched on topics such as anti-global warming measures, voluntary standards for environmental conservation, emergency drills, and environmental education.



Environmental risk communications at the Tsuruse Plant

Current status of environmental impact

The DNP Group manufactures a variety of different products closely related to the everyday lives of consumers, which consist of main materials such as film, plastic, metal (iron, aluminum, etc.) and/or ink.

The Information Communications Segment, which mainly manufactures magazines and other printed material through offset printing, uses a great amount of paper.

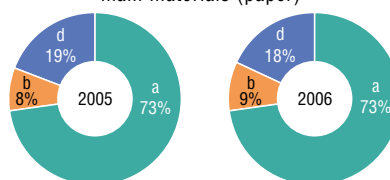
The Lifestyle and Industrial Supplies Segment, is one of the biggest users of solvents in the DNP Group as it manufactures packaging, construction and other industrial materials and uses solvents for its gravure printing, coating and lamination.

The Electronics Segment uses and discharges a great amount of water in proportion to the rest of the Group for its color filters and lead frames.

Main materials

	2005	2006	
Paper	2,265,800 tons	2,269,900 tons	(0.2% increase)
Film	140,700 tons	136,300 tons	(3.1% decrease)
Plastic	74,800 tons	80,400 tons	(7.5% increase)
Metal	73,700 tons	71,800 tons	(2.6% decrease)
Ink	58,300 tons	54,900 tons	(5.8% decrease)
Others	120,700 tons	118,500 tons	(1.8% decrease)

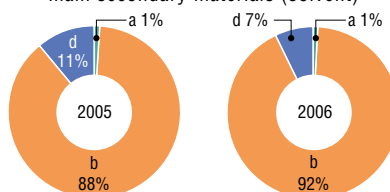
Percentage distribution by individual segment for main materials (paper)



Main secondary materials

	2005	2006	
Solvent	22,300 tons	21,200 tons	(4.9% decrease)
Acid and alkaline	35,400 tons	31,600 tons	(10.7% decrease)

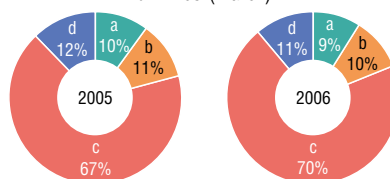
Percentage distribution by individual segment for main secondary materials (solvent)



Utilities

	2005	2006	
Electricity	1,255.2 million kWh	1,367.4 million kWh	(8.9% increase)
City gas	152.0 million m³	151.3 million m³	(0.5% decrease)
LPG	24.8 million kg	24.3 million kg	(2.0% decrease)
Fuel oil	2,400 kl	2,000 kl	(16.7% decrease)
Steam	181 TJ	398 TJ	(120% increase)
Kerosene	2,000 kl	1,300 kl	(35% decrease)
Water	15.7 million m³	17.1 million m³	(9.2% increase)

Percentage distribution by individual segment for utilities (water)



a Information Communication

b Lifestyle and Industrial

c Electronics

d brother companies



CSR Web Report

<http://www.dnp.co.jp/csr/2007/65e.pdf>

Please visit our Web site for further information.

- Current Status of Environmental Impact
- Trends in Eco-Efficiency

Product Manufacturing Process

Information Communication

Books and periodicals, commercial printing, business forms

Lifestyle and Industrial Supplies

Packaging, decorative materials, industrial supplies

Electronics

Displays, electronic devices

BC (brother companies)

Ink, beverages, etc.

INPUT

OUTPUT

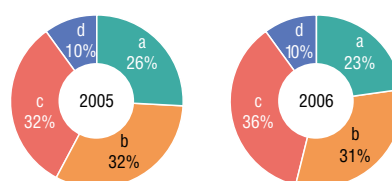
Current Status of Recycling in the DNP Group

	2005	2006
Recycled solvent	5,900 tons (usage ratio *1.26)	5,100 tons (usage ratio *1.24)
Recycled acid and alkaline	30,500 tons (usage ratio 1.86)	26,100 tons (usage ratio 1.83)
Recycled water	532.0 million m ³ (usage ratio 35.0)	559.7 million m ³ (usage ratio 33.8)
Vapor generated from waste heat recovery	198,400 tons	192,800 tons

Emissions into the air

	2005	2006
GHG emissions	973,000 tons-CO ₂	1,123,000 tons-CO ₂ (15.4% increase)
NOx emissions	724 tons	854 tons (18.0% increase)
SOx emissions	20.4 tons	17.2 tons (15.7% decrease)
VOC emissions	10,662 tons	11,227 tons (5.3% increase)

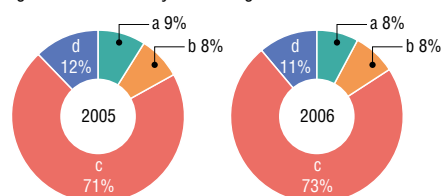
Percentage distribution by individual segment for GHG emission amounts



Emissions into bodies of water

	2005	2006
Water discharged	13.2 million m ³	14.0 million m ³ (5.9% increase)
COD emissions	53.3 tons	54.3 tons (1.9% increase)
Nitrogen emissions	14.6 tons	14.0 tons (4.1% decrease)
Phosphoric emissions	0.4 tons	0.3 tons (25% decrease)

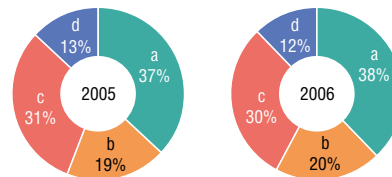
Percentage distribution by each segment for water discharge



Undesired Materials Generated

	2005	2006
Total amount of undesired materials	502,700 tons	482,100 tons (4.1% decrease)
Waste emissions	91,100 tons	92,300 tons (1.3% increase)
Landfill waste amount	8,000 tons	9,100 tons (13.8% increase)

Percentage distribution by each segment for undesired substances



a Information Communication

b Lifestyle and Industrial

c Electronics

d brother companies

* Usage Ratio: This is a calculation of (input+ recovery and recycling)/input. It does not include vapor or solvent in ink. Figures for water are calculated by the same method at page 51.

* COD, nitrogen and phosphoric emission: This covers water discharge channels which apply to the Water Pollution Control Law.

2006 Targets and Results

	Targets through 2006	2006 results
Global warming prevention	To reduce per unit CO ₂ emissions by 15% from the 1990 level (fiscal 2010).	Per unit in 1990: 25.2 t-CO ₂ /1 billion yen Per unit in 2006: 23.0 t-CO ₂ /1 billion yen 8.7% decrease from that in 1990
Reduction of environmental impact incurred during transport	To reduce per unit CO ₂ emissions per unit shipped (CO ₂ emissions/shipped weight/distance shipped) by 40% from the 2000 level (fiscal 2010).	Per unit CO ₂ emissions in 2000: 114 t-CO ₂ /million ton-km Per unit CO ₂ emissions in 2006: 84 t-CO ₂ /million ton-km 26% decrease from that in 2000
	To reduce per unit fuel use for transport (amount of fuel used/sales) by 20% from the 2000 level (fiscal 2010).	Per unit fuel use for transport in 2000: 8.3 kl/1 billion yen Per unit fuel use for transport in 2006: 7.8 kl/1 billion yen 6.0% decrease from that in 2000
VOC	To reduce emissions of VOCs by 70% compared to 2002 (fiscal 2008).	Emissions in 2002: 21,312 tons Emissions in 2006: 11,227 tons 47.3% reduction from that in 2002
Reduction of industrial waste	To reduce per unit waste emissions (waste emissions/production) by 50% from the 2000 level (fiscal 2010).	Per unit in 2000: 0.312 tons/million yen Per unit in 2006: 0.189 tons/million yen 39.4% decrease from that in 2000
	To reduce undesired material generation by ratio (undesired material generation/total material input) at all sites by more than 3%, 35% less than the 2000 level (fiscal 2010).	Generation rate of undesired materials in 2000: 17.7% Generation rate of undesired materials in 2006: 12.6% 28.8% decrease from that in 2000
	To achieve a 98% recycling ratio (recycled amount/total amount of undesired material generation) in disposing main raw materials (fiscal 2010).	Recycling rate in 2005 paper 99.8%, plastic 93.2%, metal 99.1%, glass 59.8% Recycling rate in 2006 paper 99.9%, plastic 94.5%, metal 99.2%, glass 76.1%
	To achieve zero emissions for the entire DNP Group (fiscal 2010).	Landfill waste rate in 2005: 1.6% Landfill waste rate in 2006: 1.9%
Development and sales of environmentally conscious products	To increase the level each year by 10% (over the previous year), and achieve 300 billion yen (fiscal 2010).	Sales of 256.6 billion yen in 2005 Sales of 265.8 billion yen in 2006 3.6% increase over that in 2005
Green purchasing	To increase the rate of the products purchased according to the green purchasing standards of DNP, to 40% (fiscal 2010).	27.5% green purchasing rate for materials in 2005 37.4% green purchasing rate for materials in 2006
	To increase the purchasing rate of environmentally certified products, such as those labeled with the Eco-Mark, of the total supplies (office supplies and equipment) to 50% (fiscal 2010).	41.6% green purchasing rate for materials in 2005 43.3% green purchasing rate for materials in 2006
Environmental conservation	To keep the maximum concentration of air emissions subject to emissions regulations at 70% of the required standard or less.	98% achievement rate of targets for 2006 (voluntary target)
	To keep the maximum concentration of wastewater discharges subject to wastewater regulations at 70% of the required standard or less.	96% achievement rate of targets for 2006 (voluntary target)
	To keep the maximum concentration of odors at our site perimeters at 70% of the required standard or less.	98% achievement rate of targets for 2006 (voluntary target)
	To keep the maximum level of noise at our site perimeters at 95% of the required standard or less.	64% achievement rate of targets for 2006 (voluntary target)
	To keep the maximum level of vibration at our site perimeters at 95% of the required standard or less.	100% achievement rate of targets for 2006 (voluntary target)
Office environment	To increase the ratio of the fractional recovery of waste paper to 70% of that for general waste.	71.2% rate wastepaper separation in 2006
Environmental management system	To perform Eco-Audits at all sites.	Eco-Audits conducted at all sites in 2006

◎ : Target broadly achieved ○ : Achieved target or in steady progress toward target

△ : Conducted activities but target not achieved × : No sufficient activities

Evaluation Described in this report		Targets from fiscal 2007
	○ 56, 57	To reduce per unit CO ₂ emissions by 15% from the 1990 level (fiscal 2010).
	○ 58	To reduce per unit fuel use for transport (amount of fuel used/sales) at 1% per annum, then 4% by fiscal 2010 comparing to fiscal 2006.
	△ 58	
	△ 59	To reduce emissions of VOCs by 70% compared to 2002 by fiscal 2008.
	△ 50, 51	<p>We aim to achieve the following targets by 2010:</p> <ul style="list-style-type: none"> • To reduce per unit waste emissions (waste emissions/production) by 50% from the 2000 level. • To reduce undesired material generation by ratio (undesired material generation/total material input) at all sites by more than 3%, 35% from the 2000 level. • To achieve a 98% recycling ratio (recycled amount/total amount of undesired material generation) in the disposing main raw materials. • To achieve zero emissions for the entire DNP Group.
	△ 50, 51	
	○ 50, 51	
	△ 50, 51	
	○ 52	To increase the level each year by 10% (over the previous year), and achieve 300 billion yen (fiscal 2010).
	◎ 48	<ul style="list-style-type: none"> • To increase the rate of the products purchased according to the green purchasing standards of DNP, to 40% by 2010. • To increase the purchasing rate of environmentally certified products, such as those labeled with the Eco-Mark, of the total supplies (office supplies and equipment) to 50% by 2010.
	○ 48	
	◎ 63	<ul style="list-style-type: none"> • To keep the maximum concentration of air emissions subject to emissions regulations at 70% of the required standard or less. • To keep the maximum concentration of wastewater discharges subject to wastewater regulations at 70% of the required standard or less. • To keep the maximum concentration of odors at our site perimeters at 70% of the required standard or less. • To keep the maximum level of noise and vibration at our site perimeters at 95% of the required standard or less.
	◎ 63	
	◎ 63	
	△ 63	
	◎ 63	
	○ 51	To increase the ratio of the fractional recovery of waste paper to 70% of that for general waste.
	○ 62	• To promote Eco-Audits at all sites.

Integrity at our overseas operations

We implemented the Eco-Report System (see page 62) at our overseas sites as well in 2005. We will continue to work to enhance our environmental management. Our Headquarters Promotion Office also visits all overseas manufacturing sites and offices once a year under our Overseas Surveillance program, checking on the environmental management situation and giving guidance.

Overseas Surveillance was conducted at all overseas manufacturing sites and offices in 2006.

We promote compliance with all local laws and regulations at our overseas manufacturing sites, as well as environmental conservation measures such as setting targets for energy conservation, waste reduction, and recycling. We also promote the setting and achievement of targets for items such as energy conservation, reduced paper use, and recycling at our overseas offices.

Overseas Manufacturing Sites

- | | |
|-------------------------------|---------------------------------|
| 1. DNP Photomask Europe | 2. DNP Denmark |
| 3. DNP IMS America | 4. DNP Electronics America |
| 5. Tien Wah Press (Singapore) | 6. Tien Wah Press (Johor Bahru) |
| 7. DNP Indonesia (Progadon) | 8. DNP Indonesia (Karawan) |

Overseas Offices

Dusseldorf, London, Paris, New York, Los Angeles, Silicon Dallas, San Francisco, San Marcos, Seoul, Shanghai, Taipei, Singapore, Sydney

Current situation of environmental impact

(1 -6 tabulated between April 2006 and March 2007;
7-8 was tabulated between January 2006 and December 2006)

	CO ₂ emissions	Final amount of waste disposals	VOC emissions
1. DNP Photomask Europe Agrate, Italy; manufacturing photomasks	4,250 ton-CO ₂	49 tons	less than 1 ton
2. DNP Denmark Carlsund, Denmark; manufacturing projection television screens	1,079 ton-CO ₂	50 tons	less than 1 ton
3. DNP IMS America Concorde, North Carolina; manufacturing information media supplies	1,731 ton-CO ₂	605 tons	less than 1 ton
4. DNP Electronics America Chula Vista, California; manufacturing projection television screens	1,795 ton-CO ₂	4 tons	less than 1 ton
5. Tien Wah Press (Singapore) Singapore; offset printing and binding	16,121 ton-CO ₂	402 tons	148 tons
6. Tien Wah Press (Johor Bahru) Johor Bahru, Malaysia; offset printing and binding	4,124 ton-CO ₂	151 tons	146 tons
7. DNP Indonesia (Progadon) Progadon, Indonesia; Gravure printing and offset printing	20,202 ton-CO ₂	2,332 tons	2,446 tons
8. DNP Indonesia (Karawang) Karawan, Indonesia; Gravure printing and offset printing	17,096 ton-CO ₂	605 tons	3,439 tons

* The results were calculated using GHG protocol indexes based on the CO₂ emissions and energy consumption.



On-site inspection
DNP Photomask Europe



Environmental meeting
DNP America, LLC Silicon Valley Office



On-site inspection
DNP Electronics America



On-site inspection
DNP Indonesia (Progadon)

Independent Review Report Comments by an Independent Institution

(Shin Nihon Environmental and Quality Management Research Institute Co., Ltd.)

TRANSLATION Independent Assurance Report

Mr. Yoshitoshi Kitajima
President
Dai Nippon Printing Co., Ltd

August 6, 2007

Representative Director
Shin Nihon Environmental and
Quality Management Research Institute Co., Ltd

Akihiro Nakagome

1. Scope and objectives of this engagement

We have performed specific assurance procedures, based on the contract with Dai Nippon Printing Co., Ltd (the "Company"), to express an independent opinion on the environmental part (from P.46 to P.68) of the DNP Group CSR Report 2007 (the "Report") in respect of whether the environmental performance data (environmental accounting data and material environmental information*1 which are prescribed in the institutional framework for assurance engagements and registration of environmental reports) of the Company and its material subsidiaries were accurately measured, calculated and covered all material aspects without omissions in accordance with the reporting standards*2 of a social and environmental report.

The reporting responsibility belongs to the Company's management. Our responsibility is to express an independent opinion on the Report.

*1The material environmental information which are prescribed in the institutional framework for assurance engagements and registration of environmental reports, are indicated in the "Environmental Report Assurance and Registration Mark Standards" (The Japanese Association of Assurance Organizations for Environmental Information).

*2The reporting standards refer to the Ministry of Environment's "Environmental Reporting Guidelines 2003" (Ministry of Environment, March 2003), and the complementary guidelines made by the Company.

2. Outline of the assurance engagement procedures

We have performed limited assurance engagement procedures mainly composed of inquiry, review and analytical procedures in accordance with the "Practical Guideline for Assurance Engagement of Nonfinancial Statements (exposure draft)" (Japanese Institute of Certified Public Accountants Jul 2005) and the "Practical Guideline for Assurance Engagement of Environmental Information" (J-AOEI Jan 2006). Therefore, our assurance engagement provides relatively limited assurance compared to a reasonable assurance engagement.

Outline of the applied procedures is as follows;

We have reviewed and assessed the Company's procedures for the collection and calculation of the environmental performance data, as well as the recalculation and cross-checking of the subject information described in the Report with the supporting evidence on a sample basis, performed onsite verification and reviewed the environmental performance data generated at each site.

*2 The onsite verification took place at the Head Quarter Office, and the three major subsidiaries: the Otone Plant of DNP Precision Devices Limited, the Shiraoka Plant of DNP Offset Limited and the Okayama Plant of DNP OptoMaterials Limited.

3. Our opinion

Based on our assurance engagement, we have not come across any materially incorrect determinations or miscalculations, or omissions in relation to the environmental performance data (environmental accounting data and material environmental information prescribed in the institutional framework for assurance engagements and registration of environmental reports) in compliance with the reporting standards.

4. Our independence

We, as a member of the Ernst&Young ShinNihon Group, are in compliance with the Certified Public Accountant Law, the ethics regulation of the Japanese Institute of Certified Public Accountants and the ethics procedure of Ernst&Young ShinNihon.

Therefore, there has been no common interest between the Company and us.



Site audit/Shiraoka Plant, DNP Offset



Site audit/Okayama Plant, DNP Opto-Materials



Approach to Color Universal Design:
This report was designed using a color scheme that the majority of readers will find easy to understand. It has been certified by the Color Universal Design Organization, a non-profit organization.



The Japanese-version of DNP Group CSR Report 2007 is printed in environmentally conscious manners on FSC certified papers.

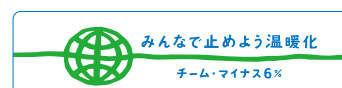
Dai Nippon Printing Co., Ltd.

Corporate Social Responsibility Office

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<http://www.dnp.co.jp>

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